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GARBAGE COLLECTION BRIEF

TO

THE CITY OF HAMILTON

SUPERIOR SANITATION SERVICES

SUPERIOR

SANITATION SERVICES LIMITED - 155 Ardelt Avenue, Kitchener, Ontario, (519) 744-2221

September 4, 1973.

His Worship Mayor V. K. Copps, and
Members of the Board of Control,
City Hall,
Hamilton, Ontario.

Gentlemen:

Enclosed please find a proposal re garbage collection for the City of Hamilton and the operation of landfill site.

Superior Sanitation Services Limited and associated companies, are experienced in the residential garbage collection field throughout Ontario, and remove garbage for approximately 1.1 million residents in the Province of Ontario.

Yours very truly,

SUPERIOR SANITATION SERVICES LIMITED,

R. S. Carter,
President.

SUPERIOR

SANITATION SERVICES LIMITED - 155 Ardelt Avenue, Kitchener, Ontario, (519) 744-2221

September 4, 1973.

P R O P O S A L

Re: Garbage Collection for the City of Hamilton
and the operation of landfill site

Submitted by: Superior Sanitation Services Limited, a division
of Laidlaw Transportation Limited

hereinafter referred to as the "Contractor"

1. The contractor is prepared to acquire for cash all the city owned refuse removal trucks and landfill operating equipment at either book value or market value, whichever can be mutually agreed upon.

2. The contractor is prepared to enter into a 5 year agreement for the refuse removal for the City of Hamilton and operate the landfill site at a cost of 20% below the City of Hamilton's actual total cost of these operations for the past twelve (12) months ended June 30, 1973. This should represent a saving of between 25% and 30% of the next year's cost under a new labour agreement.

This 20% cost reduction in the garbage collection and operation of the landfill site should represent a saving to the Hamilton tax payers of over $1,500,000 during a 5 year period. The above figures are arrived at through the actual knowledge and experience of the contractor's operation in other Municipalities and Cities throughout Ontario.

3. The contractors are prepared to provide the City with a performance bond to carry out this service.

4. The contractors will use a unionized labour force.

5. This offer by the contractor expires Midnight, September 8th, 1973 unless further extended in writing by the contractor.

Enclosed is a brief on garbage collection, prepared by Superior Sanitation Services Limited, which should be used as a guide in the decision-making process relating to the contracting out of garbage collection.

Yours very truly,

SUPERIOR SANITATION SERVICES LIMITED,

R. S. Carter,
President.

SUPERIOR SANITATION SERVICES LIMITED
HEAD OFFICE - KITCHENER

SUPERIOR

SANITATION SERVICES LIMITED - 155 Ardelt Avenue, Kitchener, Ontario, (519) 744-2221

September 4, 1973.

PURPOSE:

This report is being submitted by Superior Sanitation Services Limited to be used as a guide in the decision-making process relating to the contracting out of garbage and refuse collection services by the City of Hamilton, Ontario. It discusses contract garbage in general and Superior Sanitation Services Limited in particular.

A) Garbage Collection - Why Contract Out?

Based on a preliminary study, we are prepared to guarantee the City of Hamilton that substantial savings without loss of service can be achieved. We estimate that these direct savings will be in excess of $300,000 per year or $1,500,000 on a five year contract.

Since 1961 a great number of Ontario municipalities have chosen this method of garbage collection over their former municipally operated system and have achieved significant cost reduction. At the same time, the service has remained at the same level and in some cases, been improved.

Before Kitchener contracted its garbage to Superior in 1962, per capita cost equalled $3.70. During Superior's first contract year the cost was $2.82 per capita. In 1965, the cost was further reduced to $2.69 and in addition, Superior agreed to provide twice weekly service for two months in the summer and to collect Christmas trees, a service not in the original contract. In 1967, the cost was again reduced to $2.49 on a new tender call (see Appendix A for the Collection Cost per Capita Table from the City of Kitchener's Annual Report). At present, per capita costs equal $3.28, still substantially below the cost of Kitchener's own municipal operations 11 years ago, in spite of inflation.

The City of Brantford reported a saving of $154,327.29 during Superior's first three year contract. (see Appendix A for cost reduction examples).

Some of the municipalities that have chosen this method of service are Ottawa, Kitchener, Brantford, Burlington, St. Catharines, Galt, Sarnia, Brampton, Windsor (partially), Mississauga, Forest Hill, Port Credit, North Bay, Belleville and many smaller areas. None have seen fit during this period to revert to a municipally operated service and all have enjoyed far less labour unrest than had previously been the case.

B) Qualifications of Superior Sanitation Services Limited

1) Tenure and type of experience:

   12 years of continuous municipal, commercial and industrial garbage and refuse collection services.

2) Approximately 1,000,000 residents and 5,000 commercial and industrial clients, extending from Sarnia to Toronto and from Hamilton to Sudbury. In addition, services have been extended to Western Canada.

Branch offices are located at:

Brantford
Ingersoll
Hamilton
Kitchener
Mississauga
Sarnia
Sudbury
Toronto
Windsor

3) Canadian Company

Wholly-owned subsidiary of Laidlaw Transportation Limited of Hamilton.

4) Facilities

Operates 200 modern vehicles plus 6500 containers at commercial and industrial locations. In addition, Superior has the backing of the facilities and transportation systems of Laidlaw Transportation Limited.

5) Performance

There have been no work stoppages or slowdowns in Superior's 12 year history of municipal garbage and refuse collection. Superior has never gone back to a municipality for additional payments not covered by the contract.

6) References

The quality of service that Superior can be expected to provide for municipalities may be confirmed by calling any of the following people.

W. L. Bradley, P.Eng.	(519) 743-5221, Kitchener
Ron Middleton, P.Eng.	(519) 759-4150, Brantford
J. E. Gandier, P.Eng.	(519) 623-1340, Galt
Don Silliamn, P. Eng.	(519) 337-7501, Sarnia
John Wilkin, P. Eng.	(519) 252-4487, Windsor

7) Financial Stability:

Superior has the financial backing of Laidlaw Transportation Limited which had fixed assets of 5,480,147 for 1972 (see Appendix B for 1972 Annual Report). Also refer to Appendix B for endorsement letter by the Kitchener Chamber of Commerce.

C) Quality of Service

1) Reliability:

Since 1962, Superior Sanitation has provided uninterrupted municipal garbage and refuse collection service. During the period 1963 to 1972 municipalities in Ontario suffered 181,782 man days lost due to CUPE strikes alone whereas we had no work stoppage and one contracting company had approximately 850 man days lost (see Appendix C for municipal strike data). It should be pointed out that the same union (CUPE) represented both the municipalities and this particular contractor.

Superior Sanitation has a three year contract with the National Council of Canadian Labour so that continuity of labour relations can be projected well into the future. Over and above this guarantee, the quality and continuance of our service is further covered by substantial performance bonds with each City in which we operate. If, by some remote chance, we failed to perform to your standards, the bond would provide funds to the City to complete the contract as specified.

Obviously, it is in Superior's best interest not to default and to complete labour negotiations well in advance. In addition, our employees are kept motivated and service-conscious through competitive wages and fringe benefits and monetary incentives, such as profit sharing and up to nine guaranteed hours work per day. If our costs increase, we risk losing the municipality's contract when new tenders are called.

Unlike a municipality, a private company is very much aware that its existence depends on performance, efficiency and reliability and therefore profitability.

Superior Sanitation has enhanced its reliability by acquiring a large fleet of disposal vehicles (over 200) and by concentrating and interlinking its services in Southern Ontario, facilitating the dispatch of vehicles to problem areas. Its affiliation with Laidlaw Transportation Limited further increases reliability through the immediate availability of transportation vehicles and personnel. Superior has two-way radios in all equipment to dispatch vehicles immediately to problem or emergency areas, a service feature that is important in maintaining reliability.

Reliability and level of service are important to the householder and they readily convey their dissatisfaction to City Hall if they are not satisfied with a contractor.

Superior Sanitation is pleased to note that the number of service complaints decreased considerably when the garbage collection contract was awarded to Superior.

For example, the City of Brantford reported that during the final ten months that the city provided its own garbage collection, they recorded 1075 complaints. In the first year that Superior collected garbage in Brantford, City Hall received fewer than 20 complaints (see article "Hookwinked" in The Brantford Expositor and a letter from R. J. Moore, Alderman, City of Brantford in Appendix D).

Also, Kitchener residents were satisfied as indicated from the following quotations.

> "At the time this report is being written, our first complete year of garbage collection by private contractor can be looked back upon and analyzed. There was certainly a great deal of apprehension as this contract was started. The citizens of Kitchener were all well aware of the changeover and were watching very closely the contractor's operations. However, in spite of the difficulties in commencing this new venture and with the added complication of poor road conditions brought on by unusually heavy snowfalls, Superior Sanitation came through with satisfactory service. There were some complaints, naturally, but nothing that could not be resolved through negotiations between the sanitation engineer and one of the representatives of Superior".

And further -

> "This was the third year of a five year contract with Superior Sanitation. Complaints concerning the service offered were minor and easily rectified. This is the eighth complete year that the City of Kitchener has had its garbage collection service out to contract. Superior Sanitation have been involved during the whole of this period giving a most satisfactory service to the residents".
>
> Annual Report of the City Engineer, 1969.

Again, it is in Superior's best interest to reply immediately to complaints and to rectify the problem as soon as possible. To ensure this service, the contract and bond should cover these areas. Superior has often provided services over and above those specified in order to prevent unnecessary and unjust complaints.

2) Flexibility:

Superior Sanitation would rather work and co-operate with the municipality in performing this sanitation service than rigidly work to rule as outlined in the contract.

With its large and varied fleet of disposal trucks and its accessibility of Laidlaw's vast selection of vehicles, Superior Sanitation is ready for almost any type of sanitary hauling emergency or problem.

Superior's size and experience enables it to tender for either part or all of a municipality's collection services.

3) Efficiency:

The absentee rate for Superior employees is about 1-2% as compared with much larger rates for similar services operated by municipalities. Compare your own rates with ours.

Our two (2) man rear loader crew system average better than 900 curb stops per day on once weekly service and over 1300 on twice weekly service.

Contractors must use modern, efficient equipment to maintain their competitive position. Further, they must keep their facilities in top condition and appearance because these facilities are used at a high rate and because these facilities perform an important public relations role. The combination of modern, efficient facilities, preventative maintenance and high usage rate allow contractors to offer substantial savings to municipalities. Contractors are able to introduce new and more efficient technology more frequently and more easily than municipalities because:

1) high rate of usage reduces life of facility enabling contractor to acquire better equipment more often.

2) municipal employees and administrators may present obstacles to the acquisition of more efficient facilities.

3) municipal budget restrictions and cut backs often delay these purchases.

The contracting of garbage collection service frees the engineer, administrators, and officers of related responsibilities, anxiety, and problems allowing them to concentrate on other issues. All jobs and projects will be performed more efficiently. Contracting also permits the City Council to budget a relatively fixed cost over the life of the contract and therefore to improve its decision making process.

The level of quality is directly related to the motivation to provide reliable, flexible and efficient service. Superior Sanitation's main motivation is profit, a common denominator for any money earning concern, including the individual wage earner. We have a profit sharing programme for our employees and employ a number of owner-operators under our direction and control enabling them to earn considerably more (up to $15,000. per year) than if employed for straight wages.

Our men and management realize that a company must perform to exist or face poor public relations or even eventually, bankruptcy. We suggest that since a municipality can hardly go bankrupt, it is impossible to achieve the co-operation and therefore the productivity that a contractor will.

4) Economies of Scale:

The size of Superior Sanitation's fleet, especially combined with Laidlaw, allows large savings in purchasing operating items such as gas, tires, that few, if any, municipalities can match.

Similarily, it is expensive to purchase and maintain reserve equipment, particularly if the fleet is small. Superior Sanitation is so large and flexible, that reserve equipment is a negligible incremental cost.

5) Extent of and trend to contracting:

The number of residents in Ontario served by garbage collection contractors is approximately 2,000,000 indicating a rapid growth in the direction of contracting since the first major contract in Ontario began in 1961. Superior Sanitation's growth profile also indicates this trend since it only started municipal contracting in 1962 and now serves almost 1,000,000 residents.

Any Ontario city that switched to contract garbage collection has not returned to operate their own facilities although the option is very much open to them. (see Appendix E for literature on the extent and trend of contracting).

6) Response from municipal employees:

Any interest in the contracting of garbage collection by a municipality will arouse concern within its employees. Their reaction is a presentation emphasizing the merits of existing operations and discrediting the proposal for contracting. We have examined some of these presentations and encourage you to separate facts backed up with references and out of context statements (see Appendix F for brief to Borough of York by C.U.P.E.).

An important problem arises when contractors supply tender and their figures are publicized. More likely than not, administrators or engineers or the union will cause delays in order to submit or resubmit a cost price knowing what the other figures are. Also, much proliferation of factual and non-factual news/statements are aired in an attempt to influence the council members. Meanwhile, the contractor's deposit cheque is tied up for several weeks or months, costing them unnecessary interest charges.

We do not consider it ethical to put contractors to the expense of preparing tenders if a municipality subsequently proposes to use these figures to force a greater degree of co-operation from their own staff. Obviously, any gains obtained in this manner will be short-lived.

CONCLUDING COMMENTS

Contract garbage collection is becoming a popular method of dealing with a distasteful responsibility. However, Superior Sanitation Services Limited cautions the municipality to investigate thoroughly existing operations and contract policies and that the contractor it chooses is experienced, has a good performance record, is large enough to do the work and has shown reliability, flexibility and efficiency. Superior offers you its assistance in arriving at the correct decision.

Respectfully submitted,

SUPERIOR SANITATION SERVICES LIMITED

R. S. Carter

President

SUPERIOR
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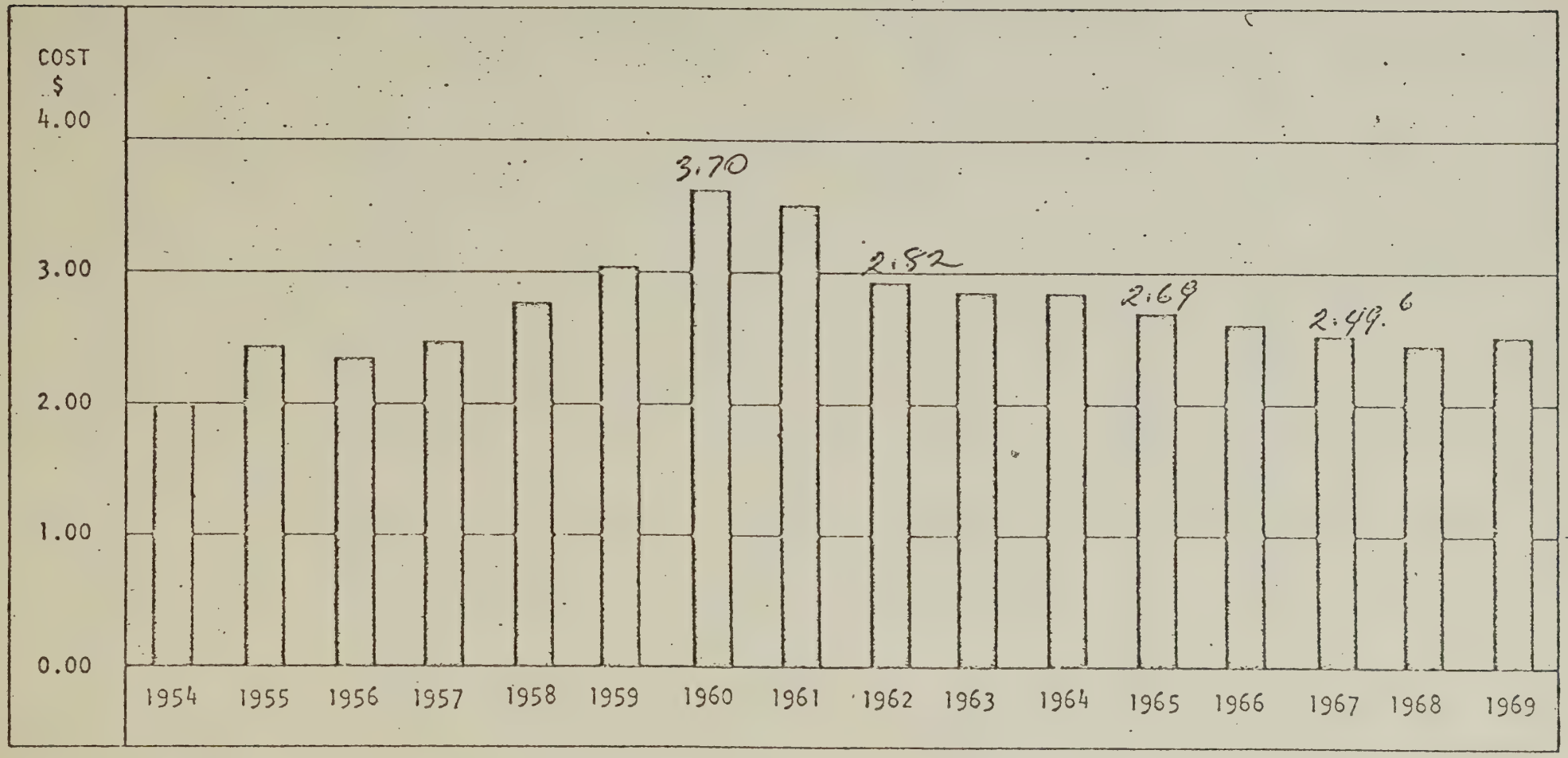
CITY HALL
PROVINCIAL
COURT
SUPERIOR

REFUSE COLLECTION

- Collection Cost Per Capita -



Note: Superior Sanitation Services Ltd. were awarded the garbage contract as of Jan. 29, 1962

Source: Annual Reports, City Engineer, City of Kitchener

New York City Finds Contractor Collection Cheaper than Its Own

deputy mayor says shift to private enterprise will save money for the municipality

Time and time again, SOLID WASTES MANAGEMENT *Magazine has pointed out to New York City fathers the wisdom of bailing the city out of a good deal of its financial straits and, at the same time, be able to do a more efficient and effective job, particularly in the area of solid wastes management, by turning to private contractors, at a lower cost, for assistance in collecting and disposing of the nearly 11,000 tons of refuse generated daily by the municipality's more than eight million residents.*

It now appears, at least, that the powers that be finally have seen the light and taken heed, for at press time the New York Times *reported that, based upon the recommendations of a comprehensive study conducted by the office of the deputy mayor, the city is considering farming out to private enterprise, as a start, at least 10 percent of the Sanitation Department's collection chores.*

The cost of the report was not disclosed, but its contents essentially agree with and support the accuracy of much of the statistical data and sound economic advice previously offered the city, on many occasions, free of charge by the editors of SOLID WASTES MANAGEMENT *Magazine.*

HIGHLY CRITICAL OF BOTH the quality and quantity of the Sanitation Department's performance, the basic premise of a study made by the office of New York City's deputy mayor is that a shift to private enterprise for the collection and disposal of solid wastes would save the city money. The report indicates that private hauling firms in the New York area can collect refuse at $17.50 a ton — one third of the municipal department's cost — *and still show a profit.*

In fact, productivity is a major issue in the wage negotiations which, at press time, are being conducted between the city and the Uniformed Sanitationmen's Union — with union

New York City *Continued – 2*

Wages Increase 26% in 3 Years

representatives contending that the workers deserve more money for more work and city spokesmen insisting on upgrading of departmental operations to increase productivity.

"The Department of Sanitation should be gradually reduced in size and scope," the report declares, and "the private cartage industry be given an opportunity to expand .... This would stem and even reverse the increase in taxes that have been spent to support an inefficient department."

Over the last three years, reflecting a general trend of most of the city's major agencies – total wage costs in the Sanitation Department have increased 26 percent, from $155.8-million to $196.3-million. But the Budget Department contends that during the same period, however, the number of man-day tons of refuse collected by the department – a standard measure of output – has increased only 1.9 percent. That figure amounts to just about half the annual rate at which the volume of refuse is rising in the city. Thus, just to remain abreast of the mounting tide of refuse – let alone get ahead of it – the city maintains that it either has to put more men on the job or search for major gains in productivity.

In general, the Budget Department points out that productivity gains in the department have not kept pace with private industry or with the big wage settlements that the municipal employees have carried away from the bargaining table over the last several years.

Hence, the recommendation that the city turn to private haulers for help is a new attempt to offset the financial squeeze of sharply rising wage costs, or another way out of a situation which budget officials contend is a major reason for the city's chronic financial ills.

In all city departments combined, for instance, wages, pensions and fringes are the single biggest cost, amounting to 56 percent of this fiscal year's $7.8-billion budget. Rising labor costs accounted for two thirds of the $600-million increase in the 1969-70 budget and for 50 percent of the $1-billion increase in this year's budget.

It has been pointed out that the municipal unions' traditional response to increasing workloads has been to put more men on the job. This attitude embraces three main strategies that have been pursued with increasing success: to increase specific and general manning levels, to reduce the amount of work employees must perform and to restrict management's freedom to assign work unilaterally.

Productivity improvements apparently are the only way to stop the endless cycle of more men at higher salaries that, together with the high social costs of running the city, are pushing the city to the brink of financial disaster.

Some of the city's efforts to upgrade productivity have come along a line almost as traditional as the union response – heavy capital investments in labor-saving machinery designed to get more mileage out of expensive manpower. The machinery has not always produced the kind of savings the planners projected, however.

Three years ago, for instance, the city began to replace its 1,600 refuse collection vehicles at a total investment of $25-million. The new trucks have twice the capacity of those in the old fleet, which on the average were 15 years old. The hope was for a 25 percent gain in productivity, based not only on greater capacity but on lower maintenance costs and the promise that there would be less down time.

But as it turned out, the down time on the new fleet just about equaled that on the old fleet – an average of 35 of every 100 trucks were out of service at any given time – and the hoped-for productivity gains have yet to be realized.

In fact, the gains did not materialize because the city failed to manage properly the transition from the old trucks to the new fleet. The new vehicles are mechanically more complicated than the old ones and should never have been put out on the street without a preventive maintenance program. There were other problems as well, including inadequate parts inventories, poorly supervised mechanics and a management system that should have been completely modernized.

Part of the solution was to consolidate several of the Sanitation Department garages, which has resulted in reducing down time to about 25 percent, the city claims.

As opposed to the operations of the Sanitation Department, "private carting firms," the report states, "are generally well managed (with close supervision of operations) . . . unionized . . . and have modern equipment that they maintain in good working order."

Indeed, it has been pointed out that during the now historic sanitation strike of 1968, when the streets of New York literally abounded with refuse, contractor trucks – which already outnumber the municipal fleet by almost two to one in number and nearly three to one in vehicles in service – handled without interruption the tremendous tonnage of solid wastes generated by industry, commerce and general business establishments. The refuse generated by these segments of the public is at least 20 percent larger in volume and 30 percent heavier in weight than the content of municipally collected trash.

Nor were there any reports during that time of anyone burning contractor-serviced refuse awaiting pickup, as people set fire to municipal wastes overflowing boxes, cans and barrels in protest against lack of service and apparent lack of concern on the part of responsible officials.

"The down time for refuse collection trucks of private haulers," the study further notes, "is about five percent, compared with 35 percent for the Department of Sanitation." Every day, such privately operated vehicles go efficiently about their business, getting paid to collect and dispose of refuse for the people whom they serve. There's no fuss, no muss and no mess. The task is done effectively and for a third of the price that municipal collections are now costing New York City's taxpayers.

Weak management was one of the major failings underscored in the deputy mayor's report on Sanitation Department operations. It contended that the department had done "almost no" work with computers, had failed to implement work measurement standards that were "recommended as early as 1946" and was not organized to do the kind of advance planning needed "to improve operating efficiency."

The document suggested, therefore, that private haulers, at least as a beginning, take over the refuse collections at municipal schools, hospitals and prisons – which might be able to get partial federal and state reimbursement for the costs involved. □

LADDLAW

MOTORWAYS LIMITED

197 Financial highlights

	1972	1971	1970	1969
	$	$	$	$
Revenue	$21,767,111	$13,563,280	$10,018,479	$5,660,936
Earnings Before Taxes on Income	2,950,210	1,800,429	1,030,777	628,792
Taxes on Income	1,371,532	897,000	426,205	317,249
Net Income—Operations	1,577,660	904,337	604,572	311,543
—Extraordinary Items	144,585	50,286	204,502	89,401
Total Income	1,722,245	954,623	809,074	400,944
Earnings per Common Share—Operations	64.7 cts	36.7 cts	25.0 cts	16.3 cts
—Extraordinary Items	6.4 cts	2.3 cts	10.0 cts	4.7 cts
Dividends Paid—Common Shares	14.7 cts	13.3 cts	6.7 cts	—
—Preference Shares Series A	70.0 cts	70.0 cts	33.0 cts	—
Shares Outstanding August 31st—Common	2,394,753	2,177,280	2,175,600	2,175,450
—Preference Series A	112,694	150,000	150,000	—
Series B	200,000	—	—	—
Total Assets	17,191,860	8,671,315	6,826,456	4,124,867
Working Capital	1,688,361	556,401	832,703	811,205

Acquired during 1972

The Shares of:—Guenther Tuckey Transports Limited
K. D. Enterprises Disposals Limited
Munisan Limited
I. Rosen & Sons Limited
The Basketry Limited
Scott Transport Limited

Certain Assets of:—Lowes Transport Limited
Alderlea Services Limited

President's report to the shareholders

During the company's fiscal year ended August 31, 1972, significant gains in revenue and earnings were attained through both internal growth and acquisitions in the transport and waste management fields. The volume of shipments for the customers we serve improved considerably over the previous year, attributable in part to the moderate growth in business activity generally.

Operating results

Consolidated revenue for 1972 totalled $21,767,111, an increase of 60.5% over the $13,563,280 reported for 1971. Net earnings from operations for the same period increased increased 74.5% to $1,577,660 from $904,337. In addition, extraordinary items produced net earnings of $144,585 compared with $50,286 during the previous year.

Earnings per common share from operations based on the weighted monthly average number of shares outstanding were 64.7 cts compared with 36.7 cts per share reported for 1971. In addition, earnings from extraordinary items were 6.4 cts and 2.3 cts per common share for 1972 and 1971 respectively.

Revenue and earnings of companies acquired during 1972 have been included from the effective dates of acquisition.

Operation review

During the year we continued our program of modernizing our fleet in both the transport and waste management divisions to take maximum advantage of weight increases, to improve equipment utilization, and at the same time minimize our operating costs of down-time and repairs. Results of this program, of course, have a proportionately beneficial effect on the services available to our customers.

During 1972 we experienced a substantial increase in shipments for the construction industry in our transportation division, more particularly in the house building field where housing starts show an increase of 30% for the first six months of 1972 compared with 1971. Shipments of steel, bulk commodities and general freight also showed a marked improvement in volume during 1972 and should carry on well into our 1973 fiscal year.

During the year agreements were entered into to acquire additional operating authorities for routes between Ontario and U.S. points, to further increase our share of the Canada-U.S. market.

The acquisitions and expansion of our waste management operations have continued at a significant pace. Under the personal direction of Ralph S. Carter, President, Superior Sanitation Services Limited, the combined operations of residential, industrial and commercial waste removal have expanded to be the largest in Ontario, and probably in Canada. This division, under contract with various municipalities within Ontario, now removes refuse for over 800,000 residents, or over 10% of the Ontario population. The industrial and commercial waste removal portion which represents approximately 50% of our total waste management division, services over 6,500 containers for more than 5,000 customers. Emphasis has also been placed on the utilization of the most modern and versatile equipment available in this rapidly growing field.

Acquisitions

During the year, several substantial companies were acquired in both the trucking and waste management fields. Some of the major transportation companies were Guenther Tuckey Transports Limited with head office in Exeter, Ontario, and Scott Transport Limited of Oakville. The combination of these companies, their management, staff and equipment have greatly added to the operation and management base of the company throughout south-western Ontario.

In the waste management field some of the major companies acquired, were Munisan Limited of Mississauga, The Basketry Limited operating as Ninnis Disposal Services of Toronto, and I. Rosen & Sons Limited of Kitchener. With these companies, we have penetrated some of the major centres of Ontario in the residential, commercial and industrial waste removal business. Subsequent to our year end, we have added two more waste management companies to our operation; the waste removal portion of Rotblott and Sons Ltd. in Toronto, and Ingersoll Sanitation Company Limited. With the acquisition of Ingersoll Sanitation Company Limited we have expanded our waste management division into landfill operations and this is a further step in our program of expansion and diversification within the waste management field.

Subject to approval by various regulatory boards, effective September 1, 1972, your company entered into a share exchange agreement with the major shareholders of Grey Goose Corporation Limited of Winnipeg, Manitoba, whereby your company will acquire 770,000 shares of Grey Goose Corporation Limited for 154,000 treasury shares of Laidlaw Motorways Limited.

Grey Goose Corporation Limited which is listed on the Toronto Stock Exchange is principally in the inter-city bus business in the Province of Manitoba and in north-western Ontario, and in the charter and package-tour business from Manitoba to all Provinces in Canada and States of the U.S.A. except Alaska and Hawaii. Through acquisition in June 1972, this company is also in the residential, commercial and refuse removal business in Metropolitan Winnipeg.

Outlook

During the second half of 1972 we can see continued upward activity in the economy reflected in a steady increase of shipments of various commodities. To enable us to take advantage of this increase since August 31, as well as to continue our expansion in the waste management field, we have placed orders for new equipment amounting to approximately $1,500,000, delivery of which has commenced and will be completed before December 31, 1972.

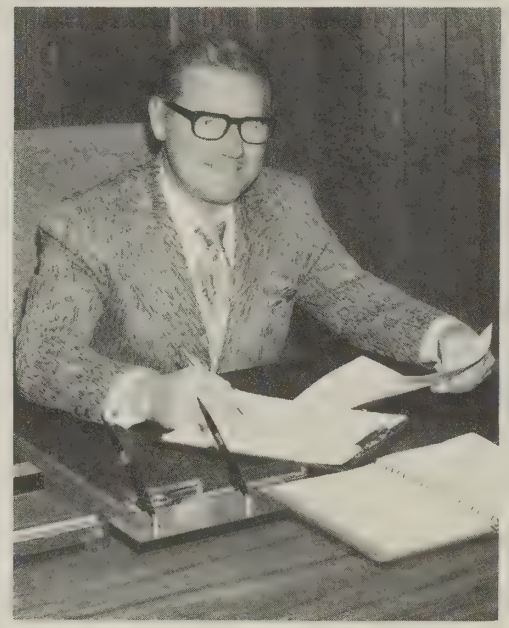
Our acquisitions and internal expansion programs in both the transportation and waste management fields, combined with the diversification gained by entering into the inter-city and charter bus field, reflect a favourable outlook for the growth and earnings of your company through 1973.

The Board of Directors join me in expressing appreciation to all employees for their continued loyal services, and to our shareholders and customers we express our sincere thanks for their continued support.

Respectfully submitted,

M. G. DeGroote,
President

Review of operations



Ralph S. Carter, President of the Sanitation Companies and Vice-President of Laidlaw Motorways heads up this two page spread of our modern, residential, commercial and industrial refuse removal equipment.

Laidlaw's waste management division has grown into the largest collector of waste in Ontario and probably the largest in Canada.

Twenty municipalities, representing over 800,000 people are now provided with our res-

idential garbage collection service. Five thousand commercial and industrial accounts, using over 6,500 containers are presently utilizing our containerized waste disposal service.

Our modern, radio dispatched fleet of waste collection vehicles, has grown from seventy to over two hundred units in the past year. During this same period, we have developed a strong team of administrative and operational people, in order to assure continued growth and improved profitability.

Laidlaw has fourteen strategically located terminals. Each terminal has its own management, dispatch and maintenance personnel. In this way, we are able to serve more efficiently, our more than 2,000 customers.

Our modern, up to date communication system has been designed to keep branches and terminals in constant communication with each other. This system allows us to provide maximum service to our customers and increases our return load capability.

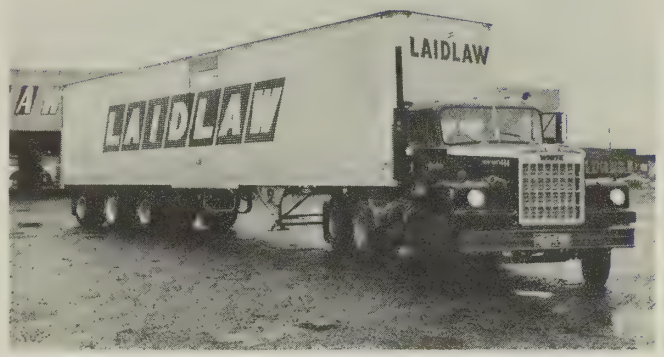
The Laidlaw Safety Patrol operates throughout our scheduled routes, making spot checks on all equipment and cargo, and maintaining vehicle and driver safety at all times. Driver training and systematic reviews are an important part of our safety program.

This pressurized tanker is used to haul dry bulk commodities, such as cement, flour and sugar. The pressurized pumping system can quickly feed the cargo to a height of up to 85 feet.

This large capacity, aluminum dump trailer can be unloaded in less than five minutes. These units are used to haul pig iron, fertilizer, sand, lime and other bulk chemicals.

The flat trailer unit, shown here, is loaded with gypsum board. These units are used for the hauling of building products, steel and Hydro power-line towers.

This tri-axle, six foot spread van is designed for maximum payload. These units have a hauling capacity of over 3,000 cubic feet. They are primarily used to haul food products, automotive parts, drugs and other consumer goods.



This widespread tandem dump trailer, with double hook-up, has the maximum permitted overall length of 65 feet. These units have the maximum gross weight of up to 136,000 pounds.

Consolidated balance sheet (Note 1) As at August 31, 1972

ASSETS

	1972 $	1971 $
CURRENT ASSETS		
Cash and short term deposits	1,449,195	210,158
Marketable securities—at cost (Market value 1972—$39,325; 1971—$118,000)	55,209	143,231
Accounts receivable—Trade (Note 2)	3,486,655	1,576,261
—Other	539,917	262,242
Inventory—at the lower of cost or replacement cost	393,385	195,137
Prepaid expenses	465,901	304,955
Current portion of conditional sales agreements	49,513	225,332
	6,439,775	2,917,316
CONDITIONAL SALES AGREEMENTS RECEIVABLE	134,514	933,895
Less: Current portion	49,513	225,332
	85,001	708,563
FIXED ASSETS—at cost		
Land and improvements	392,034	312,652
Buildings	2,178,486	1,508,955
Automotive and other equipment	9,063,281	3,986,913
	11,633,801	5,808,520
Less: Accumulated depreciation	6,153,654	2,816,055
	5,480,147	2,992,465
OTHER ASSETS—at cost		
Excess cost of shares of subsidiaries over book value of net assets	4,235,995	1,263,947
Operating authorities	791,454	709,228
Unamortized bond discount and deferred charges	159,488	79,796
	5,186,937	2,052,971
	17,191,860	8,671,315

Signed on behalf of the board
Michael G. DeGroote, Director
Halliwell Soule, Q.C., Director

LIABILITIES

	1972 $	1971 $
CURRENT LIABILITIES		
Bank advances (Secured)	647,120	226,668
Accounts payable and accrued liabilities	3,073,578	1,552,593
Income taxes payable	454,068	396,776
Current portion of long-term debt	576,648	184,878
	4,751,414	2,360,915
LONG-TERM DEBT (Note 3)	5,562,304	2,377,371
Less: Current portion	576,648	184,878
	4,985,656	2,192,493
DEFERRED INCOME TAXES	236,626	173,201
MINORITY INTEREST	10,110	4,092
	9,983,806	4,730,701

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Notes 4 and 5)		
Authorized:		
962,694 First preference shares with a par value of $10 each issuable in series		
6,111,918 Common shares without par value		
Issued and fully paid:		
112,694 7% Cumulative redeemable convertible first preference shares series A	1,126,940	1,500,000
200,000 5% Cumulative redeemable convertible first preference shares series B	2,000,000	—
2,394,753 Common shares	899,242	385,442
	4,026,182	1,885,442
RETAINED EARNINGS	3,181,872	2,055,172
	7,208,054	3,940,614
	17,191,860	8,671,315

Consolidated statement of earnings and retained earnings

For the year ended August 31,1972

(Note 1)

	1972 $	1971 $
REVENUE	21,767,111	13,563,280
OPERATING EXPENSES	17,928,250	11,157,730
EARNINGS BEFORE THE FOLLOWING	3,838,861	2,405,550
Depreciation	705,411	508,379
Interest on long-term debt	239,004	167,373
Interest and dividend income	(55,546)	(66,255)
Gain on sale of investments	(93)	(6,626)
(Gain) Loss on debenture redemption less discount amortized	(125)	2,250
	888,651	605,121
EARNINGS BEFORE INCOME TAXES	2,950,210	1,800,429
PROVISION FOR INCOME TAXES		
Current	1,308,106	841,100
Deferred	63,426	55,900
	1,371,532	897,000
EARNINGS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	1,578,678	903,429
Minority interest	1,018	(908)
EARNINGS BEFORE EXTRAORDINARY ITEMS	1,577,660	904,337
Gain on disposal of other assets	144,585	50,286
NET EARNINGS FOR THE YEAR (Note 6)	1,722,245	954,623
RETAINED EARNINGS—BEGINNING OF YEAR	2,055,172	1,495,796
	3,777,417	2,450,419
Expense of public issue	164,746	—
Dividends—Preference shares	96,566	105,000
—Common shares	334,233	290,247
	595,545	395,247
RETAINED EARNINGS—END OF YEAR	3,181,872	2,055,172

Consolidated statement of source and use of working capital

For the year ended August 31, 1972

(Note 1)

	1972 $	1971 $
SOURCE OF WORKING CAPITAL		
Earnings for the year before minority interest and extraordinary items	1,578,678	903,429
Items not affecting working capital:		
Depreciation	705,411	508,379
Deferred income taxes	63,426	49,250
Amortization of bond discount & other deferred charges	22,287	2,250
Provided from operations	2,369,802	1,463,308
Gain on disposal of other assets	144,585	50,286
Proceeds of conversion of warrants to common shares	140,740	2,240
Proceeds of long-term debt	3,372,019	723,733
Net proceeds of public issue	1,835,254	—
Proceeds from the sale of conditional sales agreements	623,563	—
	8,485,963	2,239,567
USE OF WORKING CAPITAL		
Increase in deferred expenses	69,738	29,272
Purchase of fixed assets—Net	768,849	479,610
Dividends	430,799	395,247
Purchase of operating authorities	75,226	338,827
Increase in conditional sales agreements receivable	—	252,725
Purchase of shares of subsidiaries	4,849,108	580,706
Working capital deficiency introduced on acquisition of subsidiaries	319,403	21,483
Reduction in long-term debt	840,880	417,999
	7,354,003	2,515,869
INCREASE (DECREASE) IN WORKING CAPITAL	1,131,960	(276,302)
WORKING CAPITAL—BEGINNING OF YEAR	556,401	832,703
WORKING CAPITAL—END OF YEAR	1,688,361	556,401

Notes to consolidated financial statements

For the year ended August 31, 1972

1. Principles of consolidation

Purchase accounting principles have been followed in the preparation of the consolidated financial statements, which include the assets and liabilities of all subsidiary companies. Earnings of all subsidiary companies have been included in the consolidated statement of earnings during the period of effective ownership.

During the year Laidlaw Motorways Limited acquired all the issued and outstanding shares of the following companies, effective on the date indicated:

Guenther Tuckey Transports Limited	September 16, 1971
K. D. Enterprises Disposals Limited	October 1, 1971
Munisan Limited	November 1, 1971
I. Rosen & Sons Limited	April 1, 1972
The Basketry Limited	April 1, 1972
Scott Transport Limited	August 1, 1972

The net assets at book value of the companies acquired totalled $1,946,490. The consideration given for the total cost of $4,815,355 comprised cash and debt due within one year in the amount of $3,305,355 and long-term debt obligations for $1,510,000 at various interest rates. none of which exceed 8%, to be retired over a period ranging between 5 and 10 years. The excess of consideration given over the net book value of the net assets of the companies acquired amounted to $2,868,865. These figures are the minimum amounts involved; however, there are provisions in certain of the agreements for the purchase price to increase by a maximum of $292,917 dependent on the profits earned over the next four years.

It is not the policy of the company to amortize the excess of the cost of the investment in shares of subsidiaries over the book value of net assets at the dates of acquisition, as, in the opinion of management, there is no reason to expect any decrease in the value of this asset.

2. Security for bank loans

Book debts have been pledged as security for bank loans and advances.

3. Long-term debt

	1972	1971
Bank loans (Secured) maturing in 1973 and 1974	$1,500,767	$244,325
Due on equipment, maturing at various dates through to 1975 at interest rates ranging from 7 to 10 percent	373,627	52,242
Mortages and notes payable:—		
Non-interest bearing mortgage due August 1976 payable $125 monthly	14,125	15,625
Non-interest bearing loan due November 1974	24,000	—
Non-interest bearing loan due November 1976 payable $2,907 monthly	145,833	175,000
Non-interest bearing note due May 1977 payable $60,000 annually	300,000	—
7% Chattel mortgage due October 1974 payable $2,500 monthly plus interest	65,000	95,000
7% Mortgage due November 1974 payable $423 monthly blended principal and interest	41,906	—
7% Mortgage due June 1976 payable $50 monthly plus interest	18,688	—
7% Note due August 1982 payable $40,000 semi-annually	800,000	—
7½% Notes (Secured) due March 1978 payable $30,000 semi-annually plus interest	360,000	—
8% Mortgage due June 1977 payable $600 monthly blended principal and interest	37,122	41,224
8¼% Mortgage due March 1977 payable $400 monthly blended principal and interest	21,953	24,843
8½% Mortgage due February 1974 payable $300 monthly plus interest	7,000	—
8½% Note due June 1977. Interest payable quarterly	40,000	—
9% Mortgage due January 1976 payable $1,911 monthly blended principal and interest	208,420	212,707
9% Mortgage due June 1976 payable $402 monthly blended principal and interest	38,424	39,785
9½% Mortgage due August 1980 payable $2,622 monthly blended principal and interest	293,500	296,903
10½% Mortgage due February 1979 payable $300 monthly plus interest	23,400	—
Chattel mortgage retired during the year	—	65,044
Debenture		
7½% Sinking fund debentures Series A, due June 15, 1989 to be retired by annual principal deposits of $50,000 beginning on or before June 15 in each of the years 1973 to 1988 inclusive	850,000	900,000
Amounts payable to directors:—		
5% Loan due January 1975 payable $1,319 monthly blended principal and interest	38,319	49,673
5% Loan due January 1977 payable $754 monthly blended principal and interest	35,220	115,000
7% Loan due September 1973 payable $25,000 annually plus interest	50,000	50,000
8% Note due December 1977 payable $25,000 semi-annually plus interest	275,000	—
	$5,562,304	$2,377,371

4. Capital stock

(a) Articles of amendment were obtained on May 4, 1972, subdividing the authorized and issued common shares of the company on a three-for-one basis effective May 10, 1972.

(b) The first preference shares series A are convertible on or before February 15, 1980 into three common for each preference share held. After February 15, 1975 a payment of $1.50 is required for each preference share converted. (37,306 shares were converted during the year.) These preference shares are redeemable from February 16, 1975 to February 15, 1980 at $11 per share and thereafter at $10.35 per share.

(c) By articles of amendment obtained on June 12, 1972, 200,000 first preference shares of the company were designated as 5% cumulative redeemable convertible first preference shares series B and all of these shares were issued and fully paid pursuant to a prospectus dated June 12, 1972. These shares are convertible on or before June 15, 1982 into one common for each preference share held. On or before June 15, 1977 a payment of $2.75 and thereafter $5.75 is required for each preference share converted.

These p[illegible]ence shares are redeemable from June 16, 1977 to June 15, 1982 at $[illegible] per share and thereafter at $10.25 per share. The first dividend on the shares has been declared and is payable on November 15, 1972 to shareholders of record as of November 1, 1972.

5. Share purchase warrants

At August 31, 1972, 42,615 (1971—148,170) of the authorized but unissued common shares of the company were reserved for issue upon exercise of share purchase warrants. The share purchase warrants are exercisable at a price of $1.33 per share until June 15, 1979. During the year, warrants for the purchase of 105,555 (1971—1,680) common shares were exercised.

6. Earnings per common share

	1972		1971	
	Earnings before extraordinary items	Net earnings for the year	Earnings before extraordinary items	Net earnings for the year
Earnings per common share	64.7¢	71.1¢	36.7¢	39.0¢
Fully diluted earnings per common share	59.2¢	64.6¢	33.0¢	34.7¢

The earnings per common share figures are calculated using the weighted monthly average number of common shares outstanding during the respective fiscal years and give retroactive effect to the three-for-one subdivision of common shares on May 10, 1972.

Fully diluted earnings per common share show the effect on earnings per common share which would result if the 7% preference shares series A outstanding at the end of the year had been converted at the beginning of the year, the 5% preference shares series B had been converted on the issue date, June 23, 1972, and the common share purchase warrants outstanding at the end of the year had been exercised at the beginning of the year, and the funds derived therefrom had been invested to produce an annual return of 9% before applicable income taxes.

7. Long-term commitments

(a) Rentals payable or contingently payable in the future under long-term hire purchase agreements on automotive equipment totalling $4,645,788 (1971—$4,459,548) are as follows:—

year ended August 31,	Payable	Contingently payable
	$	$
1973	1,069,458	168,712
1974	972,627	113,951
1975	832,720	89,943
1976	630,047	51,829
1977	335,132	41,111
1978	209,744	38,323
1979	85,098	667
1980	6,426	—
	4,141,252	504,536

(b) Under a lease respecting head office property, the company is committed to an annual rental of $14,300 until 1984 when the company has an option to renew for fifteen years.

8. Remu[illegible]ation

The aggregate direct remuneration paid or payable by the company and its subsidiaries to the directors and the senior officers was $105,764 (1971—$95,969).

9. Contingent liability

The company is contingently liable under conditional sales agreements sold to a finance company in the amount of $845,465.

10. Purchase commitments

The company has, prior to August 31, 1972, entered into an agreement to acquire certain properties, rights, and assets of Hennis Freight Lines (Canada) Limited in the amount of $203,400.

In an agreement made during August 1972, with an effective date of ownership to begin September 1, 1972, the company agreed to issue 154,000 common shares out of treasury and exchange these for 770,000 common shares (60% of the issued and outstanding common shares) of Grey Goose Corporation Limited. The value ascribed to these shares was $1,925,000. The excess cost of shares over the net book value of the assets acquired is approximately $750,000. The issue of these common shares is not expected to have a dilutive effect on the earnings per common share presently issued and outstanding.

The above agreements are subject to the approval of the transfer of operating authorities by various regulatory boards.

As at August 31, 1972 the company has outstanding orders for delivery of new automotive equipment to be delivered over the next 4 months in the amount of $1,288,000.

11. Subsequent events

In October 1972 the company acquired all of the issued and outstanding shares of Ingersoll Sanitation Company Limited and the assets of Rotblott and Sons Limited for an aggregate consideration of $725,000.

As at November 16, 1971 Thermal Degradation Systems Limited was incorporated and the company subscribed for 80% of the issued shares. Effective October 2, 1972 this subsidiary was amalgamated with Interflow Engineering Limited to form a new corporation, Interflow Systems Limited. The company received 25,000 shares of Interflow Systems Limited in exchange for its shares in Thermal Degradation Systems Limited and for a consideration of $25,250 subscribed for an additional 26,000 shares, bringing the company's voting shares to 25.2 per cent of the issued and outstanding shares of Interflow Systems Limited.

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Laidlaw Motorways Limited and subsidiary companies as at August 31, 1972 and the consolidated statements of earnings and retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at August 31, 1972 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

October 30, 1972
Hamilton, Ontario

McDonald, Currie & Co.
Chartered Accountants.

Corporate information

BOARD OF DIRECTORS

Ralph S. Carter
President, Superior Sanitation Services Ltd.

Michael G. DeGroote
President, Laidlaw Motorways Limited

Ramsey A. Evans, Q.C.
Senior Partner, Evans, Husband

Robert G. Groom, Q.C.
Barrister and Solicitor

Harold H. Leather, M.B.E.
Director, The Canada Trust Company

Halliwell Soule, Q.C.
President, Hamilton Trust and Savings Corporation

Benson W. Tuckey
President, Guenther Tuckey Transports Limited

Douglas H. Ward
Chairman of the Board, Dominion Securities Corporation Limited

OFFICERS

Michael G. DeGroote
President

Ralph S. Carter
Vice-President

Halliwell Soule, Q.C.
Vice-President

L. W. Haworth, C.A.
Secretary-Treasurer

AUDITORS

McDonald, Currie & Co.
Chartered Accountants, Hamilton, Ontario

TRANSFER AGENTS & REGISTRAR

Guaranty Trust Company of Canada
Calgary, Montreal, Winnipeg,
Vancouver, Toronto Regina

SHARES LISTED

Toronto & Montreal Stock Exchanges (LDM)

BANKS

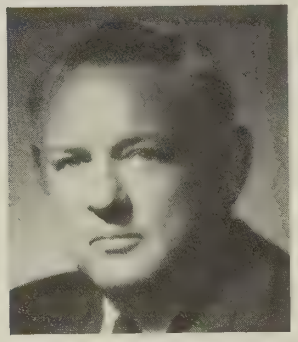
The Toronto Dominion Bank
The Royal Bank of Canada

EXECUTIVE OFFICES

65 Guise Street, Hamilton 21, Ontario

Ralph S. Carter

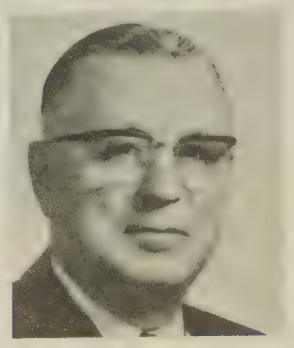
Michael G. DeGroote


Ramsey A. Evans, Q.C.

Robert G. Groom, Q.C.

Harold H. Leather, M.B.E.

Halliwell Soule, Q.C.


Benson W. Tuckey

Douglas H. Ward

Laidlaw Motorway Limited and subsidiary companies

SUBSIDIARY COMPANIES

Agilis Corporation Limited
Anro Disposal Services Limited
Guenther Tuckey Transports Limited
I. Rosen & Sons Limited
K. D. Enterprises Disposals Limited
Laidlaw Transport Limited
Leather Cartage Limited
Munisan Limited
Peter's Cartage Service (Windsor) Limited
Provincial Brake and Clutch Service Limited
Scott Transport Limited
Superior Sanitation Services Limited
Superior Trucking Services Limited
The Basketry Limited
Thermal Degradation Systems Limited

Laidlaw and the future

Laidlaw has grown over the past few years into one of the largest and most broadly diversified transportation companies in Canada.

Our marketing area is one of the richest and most progressive regions in North America.

Laidlaw's transportation division has the equipment, the licensed routes and the people to serve this fast-growing market.

The ever-increasing output of waste, the growing trend of municipalities turning to private contractors, and the need by industry and commerce to more efficiently dispose of their waste materials, assures us the opportunity for continued, successful growth in our waste management division.

There are strong, practical reasons to support our optimistic view of the future. Laidlaw will continue to keep pace through expansion, diversification and quality of service.

APPENDIX B.

The Kitchener Chamber of Commerce

October 29th, 1971.

Mayor Merle Dickerson, and
Members of City Council,
City of North Bay, Ontario.

Your Worship:

This is a letter of endorsement of Superior Sanitation Services Limited, which I understand was successful in obtaining the contract to serve your community.

They are financially sound and have equipment and personnel, and I personally suggest will be very acceptable to your citizens as a whole.

You may rest assured that the Superior Sanitation Services Ltd. is one of the better firms in the sanitation disposal business.

Yours truly,

Archie J. Gillies,
Managing Director.

amk/

68 King Street East, Kitchener, Ontario, Canada, Telephone (519) 742-4496

APPENDIX C

The municipal strike data follows:

1972 City	No. of Men	No. of Days	No. of Man Days
Toronto City & Metro (CUPE 43)	3750	22 Apr.10 - May 9	82,500
King Township Nobleton (CUPE 1395)	14	4 Jan.17 - 24th	56
Metro Toronto (CUPE 43)	750	1 June 5	750
Strathroy Middlesex (CUPE 14)	5	2 June 8 - 10	10
Saltfleet Township Fruitland Wentworth (CUPE 1220)	55	42 Sept.18 - Nov.15	2310

Year	Municipality	Dates	Days Lost	Staff Involved	May Days Lost
1971	London	Apr.23-24	2	918	1836
1971	Oakville	May 6-17	11	20	220
1971	Markham	June 1-17	16	52	832
1971	Stratford	May 30-June 16	16	50	800
1971	Sault Ste. Marie	June 10-22	12	196	2352
1971	Windsor	June 27-July 12	15	804	12060
1970	Fort Erie	Oct.26-Nov.23	28	33	924
1969	Peterborough	Sept.23 - Oct.14	21	115	2415
1969	Cornwall	Nov.21-27	6	74	444
1968	Metro Tor.	Jan.1-17	16	175	2800
1968	" "	June21-28	7	3848	26936
1968	Brantford	Sept. 11 - Dec.9	89	80	7120
1968	Sarnia	Oct. 21 - Dec.6	46	88	4048
1967	Brantford	Aug. 9 - Sept.8	30	101	3030

Year	Municipality	Dates	Days Lost	Staff Involved	Man Days Lost
1966	Sarnia	July 26-27	2	85	170
1966	Timmins	Aug. 15 - Oct.6	52	60	3120
1966	Brantford	Sept. 23 - Oct.2	9	97	873
1966	Toronto	Nov. 3-7	4	5266	21064
1965	Nil				
1964	Timmins	Jan. 3-9	6	113	678
1964	Etobicoke	Oct. 15-21	6	450	2700
1963	St.Thomas	Dec. 8/62 - Jan. 11/63	34	51	1734
		TOTAL MAN DAYS LOST =			181,782

Note: We are not able to allow for weekends.

APPENDIX D

231 St. George St.,
Brantford, Ontario
February 26th, 1971

Mr. Ralph Carter,
Superior Sanitation Services,
Ardelt St.,
Kitchener, Ontario

Dear Mr. Carter:

We find that the General Public of the City of Brantford as a whole are more than satisfied with the present system of the garbage collection in the City.

While there was a possibility of some doubt when we first contracted this service out some three years ago it was found that after the first few months that the citizens were receiving a very business-like and efficient garbage collection and that the best example of this is the recent negotiation of your contract for a further three years at a fixed cost thus enabling the City to know what amount of money to budget for in the future at a time when the mill rate of the community was such a vital and important factor.

Yours very truly,

R. J. Moore

R. J. Moore (Alderman - City of Brantford)
:om

The Brantford Expositor

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THURSDAY, SEPTEMBER 4, 1969

Hoodwinked?

There was a time when this newspaper received more reader letters of complaint about garbage removal than on any other subject. Since the switch a year and ten months ago from municipal service to service by a private contractor there has not been one such letter. City hall experience has been much the same: in the first twelve months of private contracting there were only six garbage collection complaints against 1,300 in the final ten months of municipal service in 1967.

This quiet revolution in trash removal would alone be a strong recommendation to city council to continue the contract system. There is now the further inducement, on top of the financial saving already made, of the contractor's offer to renew the current three-year pact when it expires a year next October at only a slightly higher rate. Instead of 24.4 cents per head of population each month, the contract fee would be 26.8 cents, an advance of less than three per cent yearly over the period October 1970-73. In these inflationary times this must rank as a bargain.

At the present per capita rate, private contracting costs $177,000 a year against $391,000 under the old system. Over the three contract years it will total $531,000 against $1,145,000 or $614,000 less. Taking into account that occupants of premises must now place their garbage cans at the curb and return them (many use bags that are collected), the comparison for collection only is an annual $171,000 for contract service against $226,000 for municipal service.

On this basis the three-year saving is $153,000. And to this must be added whatever increases in pay municipal collectors would have won in the 1967-70 and 1970-73 periods. These bargaining sessions might have brought further strikes and consequent public inconvenience. Thus the gain from the contract system cannot be reckoned only in money and in higher efficiency and citizen satisfaction.

When city council approved the present contract a union official claimed that Brantford people had been "hoodwinked." If saving $614,000 tax dollars in three years while getting a satisfactory garbage collection service is being hoodwinked, then city council should sign up for another three years of the same.

Affectionately Yours, Joey

Smallwood is not the one to be
the old proverb says
no praise. In his quest to
as leader of the New-
Party, the 62-year-old
however, has always been a walking ad-
vertisement for his
ments. A book pl
merely painting
taking the

Ralph Carter

Ralph Carter is president of Superior Sanitation Services Limited and several other companies in the waste management field which are wholly-owned subsidiaries of Laidlaw Motorways Limited. In this CIVIC interview he outlines some of the advantages and problems of contract collection services.

'A distinct trend towards contracting'

Q. What are the primary advantages a municipality gains by employing contractors for garbage collection?

A. I would say, without qualification, that any municipality which hires a competent, experienced contractor will obtain a higher level of service at a lower cost than it has ever been able to provide using its own staff.

Q. When and where did contracting start in Canada?

A. It became common in the Montreal area before it spread through Ontario and other provinces. A large percentage of the boroughs related to Montreal employ contractors and some have done so for more than ten years.

Q. Do you solicit municipal contracts?

A. No. We have salesmen out looking for private contracts with industry, shopping plazas and other commercial operations. But we don't solicit residential garbage collection work. We become involved only when a municipality is making its own investigations and its officials visit us, or when it has already decided to convert to contract collection and calls for tenders on the work.

Q. How fast are Canadian communities changing over?

A. Canadian cities and other sizeable municipalities are changing to contract collection at the rate of about two or three per year.

Q. How many are reverting back to municipal collection?

A. None. There's no reversal of the trend. There isn't a single major municipality, at least in our region — southern Ontario — that has tried contracting and then put its own forces back on collection services.

Q. What are the problems from a municipality's viewpoint?

A. The greatest danger to a municipality is to give a contract to a company that has no prior experience. The city may then be stuck with that contractor for several years, and many of them have neither the knowledge nor the financial backing — in some cases not even the desire — to do a good job. They just are not able to provide the quality of service that most municipalities demand.

Q. How do they get the contracts in the first place?

A. Usually by submitting an unrealistically low bid. Most tender documents give the city the right to reject any or all tenders — it isn't necessary to accept the lowest. I believe much more weight should be given to other factors. Many tender documents specify that the bidders must have one or more years of successful experience in municipal collection, yet in many cases municipalities have hired somebody who has never operated anything more than a single dump truck.

Q. Doesn't the contractor have to be bonded?

A. It's true that he must provide a performance bond and it's also true that the specification in the contract may be spelled out in great detail. But municipalities are often considerably less than rigid in their attitude toward implementation of the contract. They are always prone to give the contractor a second chance when things go wrong. The usual result is a noticeable deterioration in the service. Yet there are enough well qualified, thoroughly experienced contractors in the field today to give competitive bids to any municipality that requests them. I don't remember a single instance where our company was the sole bidder on a contract, whether large or small.

Q. How can a municipality protect itself?

A. By being extremely wary of taking on any contractor, regardless of the price, if he has not had the experience required. We appreciate that if an inexperienced contractor comes in with a bid that's 20-30 percent lower than that of a qualified contractor there's a tendency on the part of the municipal purchasing department and those who are involved politically to accept the low bid and hope that the contractor will survive. Perhaps he will. But if he doesn't, then the municipality is in trouble.

Q. How does a contractor gain experience if he must have it before bidding on a contract? Is experience with private collections sufficient?

A. It will give him experience in the commercial or industrial field, but that doesn't necessarily qualify him for residential collections.

Q. Is there a big difference between the two?

A. Yes, particularly in the volumes handled and the number of stops that must be made. In private collections an entire truckload may be picked up at one stop. To fill the same truck on a residential collection it may be necessary to collect from 275-300 homes, which means that there are 900-1,000 people with whom the crew will come into contact, even if only indirectly. At a supermarket or shopping plaza, the crew may contact only one person. So there's an enormous difference in the public relations aspect of it.

Q. Are there other differences?

A. Most private collections these days are containerized. So the contractor requires a different type of vehicle and a different type of system to handle them than those used for residential collections.

Q. If a municipality gives the work to a contractor, doesn't the same company also get most of the private collection in the same area?

A. That sometimes happens. But he has to do so in competition with other companies in the commercial business. The fact that we have a residential contract in a particular city gives us no monopoly on private collections in the same area. Even if we did there would still be the problem of using two different types of vehicle.

Q. Having got out of municipal collection, how would a municipality

A. When a municipality contracts out its garbage collection, it sells its own trucks to the contractor whether he chooses to use them or not, often at a price far in excess of their book or market value. So the municipality has capital acquired in that manner and it also holds a substantial performance bond. If the contractor fails to perform satisfactorily the bond provides the money to enable the municipality to get it performed either by another contractor or by reconstituting its own municipal force. In many contracts the city is empowered to purchase the contractors equipment, in the event of his default, at an appraised market value. It's sometimes argued that once a municipality gets out of the garbage collection business it's very difficult for them to get back into it. I maintain that it is actually quite easy and the funds are always available to them. That door always remains open.

Q. Suppose a contractor goes bankrupt?

A. The municipality has the performance bond. It's not a total loss insurance — an amount to be forfeited. It's a simple bond to guarantee performance, no matter what happens.

Q. How important is the bond to the municipality?

A. It's extremely important — the way it is written and the amount are both important. Bonds are not easy to get. So it's up to the municipality to have the specification written so tightly that a dubious contractor will be unable to get a bond.

Q. Do you think Canadian municipalities will eventually go 100 percent into contracting? If they do, won't it put contractors into a monopoly position and permit them to put prices up to an unreasonable level.

A. I'd like to think our company will get more contracts but there are enough companies around now to provide plenty of competition on bidding. And the municipalities will always have the remedies I've outlined as protection against that happening. The rate for the city of Kitchener, where we hold the municipal garbage collection contract, is lower now and will for the next five years continue to be lower than their published cost figures for municipal collection 11 years ago. So for 15 years they have enjoyed and are continuing to enjoy a substantial dollar saving. Yet at the same time the service has been improved, both in quality and frequency of collection.

Q. How about labor disputes?

A. In our eleven years in business we have never had a strike, work stoppage or slowdown of any kind. In that period I would say that more than half the Canadian muicipalities which still collect their own garbage have become embroiled in some kind of dispute.

Q. As contracting gets bigger, won't it become unionized?

A. That's a reasonable assumption, but not necessarily a valid one. One reason is that we employ a number of owner-operators. They operate under our direction and control but if they

(Turn to page 30)

A question of definition

Municipal Collection is a garbage collection function carried out entirely by municipal employees, working under the direction of a municipal department similar to those which carry out street cleaning, road repair and other municipal services.

Contract Collection is the work of private companies which provide garbage collection services according to specific agreements made with municipalities.

Private Collection is the arrangement whereby an industrial plant or [illegible] operation con-

and delivery to the incinerator or other disposal facility.

Contract Collection and Private Collection services are sometimes provided by the same company, but they are separate and distinct. The essence of Contract Collection is that the contractor is operating under an exclusive franchise with the municipality. Private Collection services it provides are the concern only of the company and that to which it provides a service; the municipality is not directly involved in financing the operation although it must be carried out in conformity with existing municipal by-laws

'A trend towards contracting'

(From page 13)

maintain their trucks properly and work hard they can make considerably more money than they could as straight wages. This is one of the things that has kept us free of unionization. Only one of our companies — an operation that we bought out — has a union, and we respect it. I would emphasize that we are not strike breakers. We honour any municipal picket lines that are set up. Yet we've never failed to perform in eleven years, which we consider is a good record in a business that is so fraught with labor disputes.

Q. Isn't the fact that you displace municipal employees always going to create bad feelings?

A. Not necessarily. Most union agreements now specify that employees have job security. In many instances we can offer them employment but they are usually absorbed into other municipal departments. In any event, it isn't essential to make a wholesale changeover from one system to another. If the municipality knows that at a certain future date it will be losing some of its staff by the normal processes of attrition, or that some of its capital equipment will be due for replacement, there's no reason why it can't hire a contractor to bring in a single truck and crew to take over a single route, then do the same thing progressively. A gradual changeover from one system to another can be made without creating any conflict. That's good for everybody. It gives the small contractor, provided he is sufficiently reliable to be able to obtain the necessary performance bond, an opportunity to get into the business.

Q. Is there a U.S. invasion in this field?

A. Several U.S. companies have gone into this business in a big way, and in recent years some have moved into Canada by purchasing existing contractors working in this field. About 40-50 garbage collection companies throughout North America, including many in Canada, have been bought out in the last few years. I doubt whether there is a Canadian garbage collection company operating more than one truck that hasn't been visited by a corporate acquisition specialist from a U.S. company in the last few years. But ours is a Canadian-owned, growth-minded public company and we are more interested in acquiring other companies ourselves than selling off pieces of our own.

Q. Can you summarize the present position from your own viewpoint and predict the future trend?

A. We are now performing residential garbage collection services for well over 800,000 people in Ontario — about 10 percent of the total — and it's increasing. That's our company alone, operating under different corporate names in various cities. Approximately 20 percent of the total garbage collected in Ontario is now collected by contractors. There's a defnite, distinct trend toward contracting and naturally we would like to see it continue, as we are sure it will. But I'd like to repeat a caution that only when the contract goes to a competent company which has the experience, the finances, the equipment and the desire to do an effective job can the municipality expect the operation to be entirely successful.

Contractors Handle Bulk Of Pickups In Oregon

Without a doubt, private contractors dominate the collection field. Of the survey cities, 86 (72 percent) award franchises, and 15 (12 percent) contract with haulers. Several combinations of private-public services also exist, but exlusive municipal operations involve only six communities (five percent).

Private contractors collect 76 percent of household wastes, 81 percent of the commercial, 86 percent of institutional and 37 percent of industrial refuse. Public agencies render almost negligible collection services.

Collection Agreement or Contract

Type	No. of Cities	Percent
Private contract	15	12
Private franchise	86	72
Municipal operation	5	4
Licensing	2	1
No agreement	9	8
Franchise & contract	1	1
Municipal & franchise	1	1
No collection	1	1

City Sanitation Chief Urges Widespread Use Of Contractor Service

by Bentley B. Mackay, Jr.
Superintendent, Refuse Division
Department of Public Works
Baton Rouge, Louisiana

In 1891, a Baton Rouge, Louisiana newspaper carried a prominently placed story about the municipality's solid wastes collection and disposal practices, precursor of today's concern about high costs and environmental pollution.

The story dwelt at length on these collection costs and questioned just how long rate increases could be economically borne. The article concluded this way: "Costs of garbage collection being what they are, it would appear that the city could make some repairs to the rickety wagon used to pick up the material. It is a great pity that the city couldn't find a better place to dump its garbage than in the University Bayou. It is disagreeable to the residents of that neighborhood and a menace to their health. What's the matter with dumping it in the river?"

Now, more than three-quarters-of-a-century later, Baton Rouge is still concerned with improving collection and disposal practices. Disposal seems to have reached a stop-gap solution, sanitary landfill, which may 100 years from now appear as outmoded as dumping in the river seems now. Collection practices have been revised time and again and are still being overhauled. This is the story of one such revision.

In September 1969, a radical step was taken by the Baton Rouge City Council when it officially recognized the existence of private refuse contractors. This acknowledgement was praised by some and damned by many. A deeper look into the problems of the city may reveal just why this step was needed and has been successful thus far.

Ray W. Burgess, the director of Public Works, was concerned with money problems faced by his department and other bureaus of the city. His annual budgets had been on an upward spiral, as the demand for more and more services arose from a rapidly expanding population. The budget for refuse collection alone was approaching the $2 million mark. The tax well was just about dry — something had to be done.

Burgess, who had been selected as one of the top directors in the United States, had long studied this problem and had reached a rather basic conclusion: funds had to be found or outside assistance would be needed. There was only one source of outside aid and that was the private sector of refuse hauling.

The city's mayor and his finance director had explored all sources of revenue and found that most of them had been preempted by either the state or the Federal Government. The citizens were echoing the age-old cry of economy in government and no more taxation. Of course, there could be no cut in services.

Baton Rouge, the capital of Louisiana, had been a sleepy river town in 1940, with a population of 40,000. Now, 30 years later, Louisiana State University, on the southern edge of the city, alone had an enrollment of almost 20,000. The overall population had passed the quarter-million mark as industry after industry sought the shores of the Mississippi and the State of Louisiana's right-to-profit laws.

The year 1969 was ushered in with the reelection of Mayor W. W. "Woody" Dumas with the largest vote ever given an incumbent Mayor. The picture was vastly different on the city council: only two of the incumbents were returned. This meant that eight new faces would be seen around the conference table.

The financial crisis they had to face was not a simple matter and would take considerable courage. The newly appointed chairman of the City Council's Refuse Committee, V. M. Corsentino, had the political courage necessary. His committee had just scuttled any further efforts to acquire Federal funds for a proposed incinerator and had the Department of Public Works convert an open burning dump into a sanitary landfill operation. The department had pitched in to make this a reality even though funds were being rapidly depleted. Now it was time for the reorganization of the collection effort.

For many years the handling of all solid wastes had been paid for out of the city's general tax fund and every business place, apartment house, private residence, furniture store, restaurant and whatever, was provided with service. There were no limitations as to the type or quantity of the material. Small wonder that the facilities of the city were strained to the limit.

Collections for many business establishments had risen to six times a week, whereas residential pickups had declined from three times weekly to twice. Furthermore, there was a weekly trash run for all sections of the city.

The total municipal fleet consisted of 43 vehicles that had to work 49 routes. The problems were multiplied even further because county residents, living outside the city, were also provided with twice-weekly collection.

The fleet of 43 consisted of 21 open-top trash collection vehicles, which gathered up about 125 tons of material daily, and 22 wet refuse collection units, averaging a cumulative total of 400 tons daily. Since there were 49 wet refuse routes, it was evi-

 Continued from page 15 ~2

"Associations should make a more concerted effort to show public officials how they can assist in solving some of the financial woes all cities have . . ."

dent that a doubling of vehicles was needed literally overnight.

Just 24 days after taking office, the refuse committee was given three alternatives by the Department of Public Works:

1. Discontinue all rubbish collection at commercial concerns, leaving it to the business to arrange for its disposal with private haulers.

2. Charge a fee for collection and disposal by publicly-owned trucks.

3. Provide trash pickup to commercial establishments free of charge, with financing to come from the general fund.

The councilmen met these alternatives head-on.

Very little material was available to describe how other cities had faced these problems. No one in the local area knew too much about what should be done. There wasn't even a standard vocabulary for accurately describing wet refuse, rubbish, trash, or what have you.

Discussion led to discussion and committee members flew around the country trying to relate to other areas. They wanted to see what was going on "over the mountain." Debate continued as businessmen and labor formed a strange coalition and all aired their views at public meetings that received intensive coverage by the local press.

Pressures continued to build as the questions raged. The ardor of some proponents cooled as the meetings dragged on. Baton Rouge is a labor town as the whole United States knows, thanks to *Fortune* and *Life* magazines. Union leaders voiced fears that allowing private contractors to enter into the solid wastes collection business would lessen the job opportunities for their membership.

Hubert Linecum, the business agent for the union local, stated that his membership felt the move to turn the collection of commercial refuse over to private enterprise was a step by local government toward getting out of the solid wastes management business altogether. One of the refuse committee members, stung by one of Labor's barbs, muttered: "It might not be a bad idea. They seem to do it cheaper than we can."

Nothing was spared, fears of criminal influence were introduced and details of refuse wars of the past were described. *Life* and *Fortune* had carried headline stories about some of the "mess" alleged to exist in Louisiana. Some of the events recounted had supposedly occurred in Baton Rouge. Everyone was "uptight."

In August 1969, seven months after receiving the Public Works proposals, the city council voted to limit municipal collections to household refuse only, and to license contractors to operate in the city.

Suits were filed immediately and an injunction was issued by a local judge, so nothing was changed. A week later, the court of appeals vacated the injunction. Another suit was hastily filed and another injunction based on different grounds was issued. Still, no change in the city system.

What the city council really needed was some help from the private sector, but the councilmen were unaware of the existence of private associations that might have bolstered their case. Now, the council could really have used that help.

Faced with suits and countersuits, the refuse committee took another look at its work and revised the proposed ordinance and sought to have it voted on again. As revisions usually are, this was a compromise: commercial establishments would still receive wet refuse service from the city on a twice-weekly basis but all other types of commercial pickups would be handled by private contractors.

The mayor, who had grown somewhat tired of the haggling, threatened to veto the bill if it did pass. He wanted to overhaul the whole procedure for collection and disposal. The ordinance was passed and true to his word the mayor vetoed it. He and the council were now at odds. Subsequently the council overrode the veto and the ordinance, as revised, became effective on Sept. 14, 1969.

In my business trips to the various equipment shows, seminars, and conventions around the United States, I have had occasion to meet many private haulers. Invariably, I detect a feeling of instant hostility, as though the people in public employ were, in a sense, competing with the private sector. This is untrue. Public employees should be considered potential allies rather than adversaries, because we may be looking for help. It seems to me that contractor associations should make a more concerted effort to show public officials how they could assist in solving some of the financial woes all cities have, especially those which, like Baton Rouge, are offering too much service on too little income.

As a public official concerned with collection and disposal, I feel particularly competent to make suggestions to those in the private sector. If Baton Rouge's city council would have had supportive data supplied by contractor groups, the council could have shown the businessman that he was receiving a disproportionate amount of service, relieved the mind of the labor leader concerned with a potential drop in his union's membership, and also allayed the doubts of those who feared exorbitant costs. This documentation could have, and most likely, would have, stopped the filing of suits and countersuits. If these private sector statistics and practices had been offered, a better compromise ordinance might have resulted and private contractors would have a wider market.

Lest I be misunderstood, I am not advocating the replacement of all public services by the private sector as the only cure for high municipal costs. It is my studied opinion that there is room for both, but unless the private sector associations are funded to provide programs to actively assist public bodies in decision-making, such as in Baton Rouge's case, little progress will be made in opening new markets for private enterprise. There will always be public bodies unaware of the vast private sector which has been so successful in America.

Is this approach of having contractor groups aid municipalities with their refuse problems too far-fetched? The future seems clear. If the private sector can do it more efficiently at less cost, then both the contractor and municipality benefit, and that's what it's all about—because [illegible]

Milwaukee Finally Selects a Hauler for Refuse Transport

After years of trying unsuccessfully to handle its disposal problems alone, America's 11th most populous city decides that private enterprise offers the most economical solution

IN AN ACTION DESCRIBED BY the mayor of Milwaukee, Wisconsin, as one of the most important days in the history of the city government, a $6.5-million, three-year contract to transport and dispose of most of the 940 tons of refuse generated daily by the area's million residents was awarded to Acme Disposal Services Corporation, Brookfield, Illinois, a subsidiary of Waste Management of Hinsdale, Ill., one of the nation's largest solid wastes management firms.

Under terms of the contract, municipal collection trucks will deliver about two thirds of the city's refuse to Acme at two — and possibly three — incinerator sites within the city, which will serve as transfer points. The hauler then will cart the rubbish to any of several licensed sanitary landfill outside Milwaukee County.

Although the company has seven such sites within the county, it does not plan to use them to dispose of Milwaukee's wastes because of local opposition to their use.

The remainder of refuse collected by the city agency — about a third, or 122,000 tons a year — will be hauled by municipal trucks to an Acme-owned landfill at Menomonee Falls at a disposal cost to the city of $2.85 a ton, as opposed to the $5.87 per ton which the private contractor will receive for hauling and disposing of its two thirds share, or about 365,000 tons a year.

Prior to the agreement, city-operated refuse vehicles hauled noncombustible wastes to the Menomonee site at a cost of $3.25 a ton. Under the contract with Acme, the facility will practically become Milwaukee's exclusive disposal ground, not be used by the private firm for disposing of its portion of the city's wastes. Further, if the area becomes filled during the life of the covenant, Acme has agreed to provide the municipality another site within a 20-mile radius.

Although not specifically required by the current agreement, the private hauler "will conduct an intensive research program to develop and adapt new techniques of wastes handling, concentrating primarily in the field of recycling."

As an adjunct to the Acme disposal plan, Milwaukee officials currently are conferring with St. Regis Paper Company on the feasibility of salvaging and recycling paper wastes.

Officials originally had specified that Acme Disposal Service engage in a shredding operation, which was expected to involve about 5 percent of the wastes generated, but the requirement was eliminated when the city decided to award a contract for a period of only three years instead of the originally proposed 10 years.

The decision to award the contract to Acme came after almost a year and a half of bitter rivalry, recriminations, charges and counter-charges of bribery and influence peddling, and unsavory innuendoes about "backroom deals" as well as outright opposition on purely political grounds.

Disagreements arose largely between the City of Milwaukee and the County of Milwaukee as to whether or not the city would participate in a countywide program of combined municipal-suburban disposal of solid wastes by a single private contractor. Many state and local political figures saw the issue as a vote-getter, moreover, and dragged it into the political arena during last fall's off-year election campaigns.

When the county board resolved, more than four years ago, to create

Sanitary Landfill Method Determined Best for City

a countywide refuse disposal utility for its better than two million population, it was thinking in terms of big incinerators, and Milwaukee was ready to build its own if the county moved too slowly.

The county ran into heavy flack from suburban communities that did not wish to be a part of the major capitalization, however, and it had to fight off these attacks in two legislative sessions as well as in the courts. As a result, it wound up postponing incineration and decided instead, last fall, to contract with a private operator with a landfill system.

When bids for a countywide system had been accepted from several reputable firms and opened, the county supervisors awarded a 20-year contract to Acme Disposal, who had proposed to haul county wastes to a 700-acre landfill in Columbia County. That county's zoning board refused to allow the hauler to use the location, however, and since a guaranteed disposal site was a condition of the contract, Acme had to withdraw from the competition.

The board of supervisors eventually awarded the 20-year covenant to American Menmax of Port Jefferson, New York, which proposed to establish four transfer stations throughout the county to accept all refuse — from paper napkins to school busses — compress it by giant presses into bales and place them in a 355-acre landfill at Franklin. Eleven of the county's 18 major suburban communities agreed to join the county plan under Menmax management.

Milwaukee's common council also approved city participation in the plan, but the mayor, "believing that the proposed system was not as efficient or as economical as it should be," vetoed the municipality's participation. The council then upheld the veto, and hired, at a cost of $20,000, the consulting engineering firm of Black & Veatch of Kansas City to make a study of other proposals, as well as those submitted to the county, to determine whether the city should join th[illegible] another method of disposal altogether different.

Invitations went out soliciting bids from disposal contractors to establish a system of refuse disposal for both the city as well as for a city-suburbs combination. Five firms submitted bids, but the city officially received only two of them as conforming to the invitation. The accepted bids were submitted by Acme Disposal, who proposed a sanitary landfill operation, and International Boiler Works, a subsidiary of Ovitron of East Stroudsburg, Pennsylvania, who proposed incineration.

On the basis of the new offers as well as the prior proposals to the county, the consultants predicted that the municipality, by contracting with Acme, could save about $3-million over a 10-year period and another $1.3-million if surrounding suburbs joined forces with the city.

The findings took into consideration the fact that although some of the competing bidders would be cheaper over a long-term arrangement, Acme was the most economical choice over a five-to-ten-year basis. In this connection, it was calculated that the disposal cost per ton under the Acme proposal would be $7.47 for the city alone and $7.09 if other communities participated — compared to the next most advantageous price of $7.79 and $7.23 for the same service over a like period.

The consultants reasoned that while there may be some economic benefits inherent in a countywide disposal program with a single contractor, such a system has potential disadvantages also, including the absence of competition, less incentive for the hauler to provide a high level of service and a more adverse impact on the entire community should the contractor's operations be interrupted for any reason.

For these reasons, among others, it was determined that the city's most advantageous course of action would be to contract with Acme Disposal Services for the removal of solid wastes. In addition to the cost factor, other beneficial aspects ascribed to Acme were the fact that it apparently had had more experience in solid wastes management than any other contender, that its proposed system was based upon proven methods and that much of its equipment would be supplied by the Heil Company, a Milwaukee-based firm, which would benefit the local economy.

Furthermore, it was estimated that Acme's plan could be operable sooner than any other and also would allow the city to combine trash and wet refuse pickups, which could mean a savings of about $700,000 annually. The municipal collection department has been picking up these wastes separately in the past.

On the other hand, the report did not fail to point out that Acme had two disadvantages regarding disposal sites: (1) it has a capacity to handle

Disclosure of Acquired Sites Aroused Public Opposition

Milwaukee's refuse for 20 years, but only 15 years if the suburbs are included; (2) its sites are subject to annual license review and, therefore, could be limited.

An influential county supervisor, who held jurisdiction over the wastes disposal function, refused to accept the validity of the consultants' study.

Other county board members, on the basis of the Black & Veatch findings, introduced a resolution that the supervisors rescind approval of the former contract and, instead, make an agreement with Acme. To solve the impasse, the problem was placed in the hands of a technical committee. But this was unacceptable to some members, who charged that the body was composed largely of suburbanites and, therefore, was "stacked against the city."

Also at this point, a heated argument was brought to the fore by opponents of the Acme proposal, because proof of availability of adequate landfill sites was required by the Milwaukee city fathers just as it had been a prerequisite of the previously awarded county contract.

In this connection, it seems that Acme refused to disclose publicly the location of the disposal sites which it intended to use to fulfill the terms of its offer. With this, the local newspapers had a field day. But Milwaukee's mayor, one of the foremost proponents of the Acme proposal, defended the hauler against what he considered a deliberate attempt by reporters to instigate citizen opposition.

Indeed, each time Acme revealed the location of its sites, area residents became irate and local officials manipulated zoning and licensing restrictions to prevent their area from being used as a disposal site for Milwaukee's refuse. This had happened to Acme during negotiations for the countywide contract and had resulted, in the end, in Acme's having to forefeit its bid.

Community after community imposed prohibitive restrictions on Acme sites once their locations had been disclosed to the public. The town of Polk in Washington County claimed Acme's permit to dump there was no longer valid. Whitefish Bay village declined to allow the hauler the use of its facilities. The town of Brookfield announced that Acme could not import Milwaukee putrescibles — only rubbish and trash. Discontent also arose in Eaton and, as we went to press, the Delafield town board had ordered the operator of a key site contracted for by Acme to appear before it to answer charges of unauthorized dumping.

Although Milwaukee's mayor admitted that an overall county program would be beneficial to all, he remained adamantly behind the Acme proposal as the one which provided "the greatest advantages to the city," and called upon Wisconsin's governor to provide state land for use as disposal sites. The governor remained mute on the issue, but gubernatorial contenders seeking to unseat him did not.

One promised that, if elected, he would study the mayor's proposal and would call a statewide conference on the problems of solid wastes, concentrating on new techniques of recycling. The other leading candidate for the governorship declared that solid wastes disposal should be administered by the counties rather than cities to prevent proliferation of landfill sites, and that the state should provide technical assistance for the development of adequate sanitary landfill. He also suggested that the state assume the responsibility for the disposal of abandoned vehicles by imposing a fee at the time of purchase, to be refunded when the owner presents proof of disposal.

A state senator publicly announced that he would fight *any* move to dispose of refuse of any nature in any part of the district where *his* constituents resided. A political organization, headed by a former Milwaukee mayor, passed a resolution appealing to the city not to farm out the refuse disposal function "to a private middleman," but to retain complete control itself. Even some of the local county and municipal department heads became embroiled in the controversy, one adamantly declaring that the only long-range solution to wastes problems was incineration.

Still another, the Socialist Party of Wisconsin, charged that Milwaukee's common council was filled with reactionary elements and had become self-serving instead of responsive to the needs of the public. It called for an investigation into the city's plans to turn refuse disposal over to a private company "lest the entire administration be embarrassed."

At this, one of the county supervisors requested that the District Attorney pursue a John Doe investigation into the backgrounds of the various contractors who had submitted bids for the county contract. The request was later withdrawn since, under a new state statute, in order to have a John Doe investigation, allegations of a criminal act must be made. Admittedly, the official truthfully could make no such allegation, explaining that he wanted the probe only to "clear the air" of vicious rumors that had been circulating.

At the eleventh hour, when the common council was hammering out the details of the proposed Acme contract, several aldermen forced a delay on approval of Acme because of a revised bid submitted by one of the original contenders as well as additional offers proposed by two other haulers.

Other aldermen objected on the grounds that the action was a calculated maneuver to kill the Acme negotiations, and voted to consider the new bids only if they were fully acceptable contracts ready to be signed. Otherwise it would have been impossible to have the new system operative by January, which was essential to the city's position with union contracts which had to be renewed at that time and which had to take into consideration the proposed system of combined collections.

When it eventually was announced that the mayor had signed the common council's resolution calling for the multi-million-dollar, compromise three-year refuse disposal contract with Acme, the principal of one of the contending firms leveled a scathing attack on the findings of the Black & Veatch study.

Without delay, a common council spokesman countered that such unfounded accusations served to impugn the integrity of not only Milwaukee's mayor but also the council and Black & Veatch, a firm of impeccable international reputation. □

APPENDIX F

BRIEF

TO:

THE CORPORATION OF THE BOROUGH OF YORK
BOARD OF CONTROL

CONCERNING PROPOSAL TO:

CONTRACT OUT OF GARBAGE COLLECTION SERVICES

Presented by

Borough of York Employees
Local 10
Canadian Union of Public Employees
January 10, 1973

We welcome this opportunity of presenting our views on the subject of contracting out garbage collection in the Borough of York. We realize that we do not have time to discuss, in minute detail, the proposal to contract out but will attempt to generalize and hopefully, in the future, we will be able to be involved with further studies on the subject, where all relevant factors will be considered.

ISSUE

What is at issue is NOT poor service in the pick-up of garbage, because it is recognized by all that our present clean Borough and pick-up of garbage in York, and in fact this whole Metro area as second to none in either Canada or North America.

The issue is simply the cost of the present system and the possible saving to the Borough.

There is much more to look at than simply the cost. Everyone knows there is a big difference between a Buick and a Volkswagen. If cost is the only item to be considered, get a volkswagen.

Also, if costs were the only item to be concerned with, why is there no thought being put forward to contract out two other municipal operations..... .....Fire fighting and Police. We are sure that if both could be provided by a private contractor there is a possibility that a lower price would be submitted than the present operation cost, BUT.....NOBODY WOULD GAMBLE ON A REDUCTION OF SERVICE.

ANALYSIS

The Borough of York, in investigating a proposal to contract out garbage collection is faced with four tenders.

One of the four bidders, Munisan Company Limited, has indicated he will pick up approximately one-third of the Borough garbage and refuse (9683 pick-ups) for $117,470.00

This lowest bid is to be compared with $328,536.00 for the next bidder; $463,932.33 for the third; and $1,167,999 for the highest.

It has been said that the three bids other than Munisan have no household collection experience. To us this seems to be a ridiculous justification for the high bids.

The two highest bidders, Bulk-Lift Systems Limited and Disposal Services Limited, both have many years of experience in the garbage collection business. Household pickup is only another related operation to industrial collection. To suggest that they don't know or can't calculate proper costs is ludicrous, and insulting to those bidding on behalf of those companies.

We suggest to simply recommend or accept the lowest bid is extremely unwise.

Obviously, this contractor has either miscalculated (and we doubt that) or he is willing to gamble on losing a large amount of money. He does have a very large operation and so possibly his overall profit is high enough to afford him the opportunity to take a loss on the Borough of York operation. We question the motive if this were so.

We caution the Borough against getting a contractor whose bid is approximately 1/10th. of that of another company (Bulk-Lift Systems), one-quarter of another (Disposal Services) and two-fifths of the price of the next bidder to himself.

Something stinks!

Although we don't know all of the figures used by the Borough in calculating the costs of the present operation, we will concede there probably are inefficiencies. It has been stated that the cost of supervision in the Borough operation has been included, so right away we challenge the costs, but in spite of such discrepancies we don't want to dwell on them. We would rather generalize on the principle of maintaining and improving a municipally operated system.

The contractor has predicted huge savings. He has in effect said "give us your work and we will save you a fortune".

From experience we say these savings have never occurred. In fact, the prices have increased more with contractors than with municipal operations. The contractor is no different than a developer, and both are interested only in making a profit.

In analysing the Commissioner's recommendation, which refers only to money, we could be lead to believe that private enterprise can do the job cheaper.

This may very well be so, considering the present excellent Borough pick-up service. What we fail to understand is if a private enterprise can do the service cheaper, what makes it so superior to the municipal enterprise. Is the answer to be found in the word enterprise? Do the Municipal Administrators of York lack enterprise?

MUNICIPAL OPERATION EMPHASIZE SANITATION AND APPEARANCE

A private contractor in the garbage collection business is motivated by only one thing - his desire to make a profit. Municipalities operating their own collection services are motivated only by desire to protect public health, prevent unsanitary conditions and improve community appearance. We maintain that the motives of the contractor and the municipality are incompatible. The desire for a profit will destroy any attempts to provide service.

The American Public Works Association found that:

> "Because of their direct responsibility to the people, (municipalities) provide numerous extra services and exercise greater care in handling and loading refuse than often is expected or realized from contractors. The operators of collection businesses as a rule do as little as possible to improve community conditions, for to them such extra services mean decreased profits. As is natural under the circumstances, they bend every effort to increase production speed by doing as little as possible and still remain within the contract requirements."

> "Under municipal operation, it is much easier for city officials to respond to demands of citizens for improved community appearance. Extensive efforts can be made to reduce the amount of littering by citizens and by the collection forces, and in many places the unsightliness of the collection service and equipment has been eliminated. The increase in the use of attractive and enclosed collection vehicles and in the uniforming of employees has occurred mostly in municipally conducted services."

Thus, the evidence in American cities clearly shows that a private contractor provides an inferior service. The number of complaints under private collection will show an inevitable increase. The Union can provide evidence that when certain Canadian cities have contracted out garbage collection, the number of complaints from citizens more than doubled.

The tender-call and the subsequent bids are based on the condition that the same wages as are presently paid to Borough of York employees will have to be paid by the contractor to his employees. How then will the contractor do it cheaper?

(1) He will obviously provide only the barest of fringe benefits to his employees, probably only those he is forced to provide under the law.

(2) He will cut back in service and give no more service than the bare necessity.

I would like to explore both of these statements in more detail.

As for the benefits like pensions you will probably find there is no benefit provided for the employees other than the Canada Pension Plan. It has been a well established principle, and rightly so, that Borough employees, and employees of all municipalities, enjoy the benefit of a more substantial pension plan. Obviously, to allow such to happen the Borough would be allowing their principles to be watered down if not washed away. All of the other medical benefits will only be to the extent that the laws force the employer to provide.

With inferior conditions provided to his employees the contractor then finds he is able to hire only those people who are not able to find work elsewhere and stay only long enough to find another job. These employees of the contractor then don't have any connection with community and consequently rarely take any pride in their work. They work on a threadbare operation because they have no vested interest in accomplishing a good job, and probably wont be around long. In comparison the Borough employee has a vested interest and fully expects to work for the Borough until his normal retirement age. The contractor probably wont have anyone on staff over thirty years of age. I suggest the present "older" employees are every bit as reliable and efficient as the young ones, and in fact because of their age are probably a lot more thorough through their added experience..

I ask which employee is likely to take the most interest in the job Obviously the Borough employee.

The same situation fits the comparison of the two senior officials of each operation, the Borough and the contractor. The Borough official is part of the community and is interested in service along with the efficiency, but the contractors prime concern is making a profit. I can't imagine any contractor remaining in business to provide only a service without a profit.

Certain of the cost items with respect to garbage collection are as a result of the superior service we give to the citizens and businesses of York. These superior services are above and beyond that provided for in By-Law No. 311. We believe the taxpayers want this extra service and by changing it or reducing it the Borough would be "penny wise and pound foolish".

The above is borne out by Mr. Atyeo, Commissioner of Streets in the City of Toronto, where the operation is comparable to York. We would like to quote from the September 6th., 1966 edition of the Toronto Star:

> Harold Atyeo, the present commissioner of streets, says: "If a private contractor were going to do nothing but pick up garbage, his costs would be less than the costs presently accruing to the city in my department. But we provide a broader service of city cleaning than any contractor could do."

NO BREAKDOWN

> "Toronto has no cost breakdown on garbage pick-up service. Our service is very flexible", says Mr. Atyeo. "Some days we need more trucks on garbage, other days we put our crews on street cleaning or snow removal. It's difficult to say how much should be attributed to garbage".

In York partly because of the size of the Borough compared to the City of Toronto, we have a much closer knit operation. As in Toronto, though, the garbage collectors in York are the public relations people for the Borough. They have a tough and basically an undesirable job, yet they carry out their duties happily and from our surveys, very satisfactorily in the eyes of the citizens.

It is regrettable but I must say the present employees are astounded by the proposal to contract out and in spite of job protection for permanent employees in the present agreement, their confidence and morale has been dented.

The contractor must make a profit and in addition must pay taxes. The Borough has neither concern.

No contractor will provide the additional "bonus" services that are now provided to the taxpayers. The taxpayers will get a bare necessity of service and the residents, the elected officials and the administrators will be one more step further from the operation.

If the Borough wishes to take a step backward and provide poor sanitation services, then it should contract out the job. However, if the Borough wishes to maintain and improve the high level of sanitation service that is befitting this community, then it must operate its own services.

BOROUGH MAY USE REFUSE VEHICLES AND EMPLOYEES FOR OTHER PURPOSES

Refuse collection vehicles are often adaptable to other uses in the municipal services. Such equipment could be used for snow plowing, snow removal, leaf collection, removal of debris after storms, etc. When the municipality owns its sanitation equipment that can be adapted for these other services, it is able to reduce costs for special equipment in other branches. For example, in one municipality the garbage vehicles are equipped with snow plows and the trucks plow to and from the dump.

As with the vehicles, so with the employees. With its own employees in the sanitation work, civic operations are more flexible. In times of peak work or emergency, the Borough is able to transfer employees to and from municipal refuse operations.

CITIZENS DO NOT CO-OPERATE WITH CONTRACTORS

The American Public Works Association in its surveys found that sanitation services by private contractors deteriorate because of lack of co-operation by the citizens. The A.P.W.A. found that:

> "If refuse collection operations are to be successful in terms either of economy or effectiveness of the service, the active co-operation of citizens is essential. The proper handling and storage of refuse, regularity in the placing of containers for collection, and restraint in littering are all essential to efficient operations. Without doubt, the goodwill and assistance of householders and property owners can be secured under good municipal management. It is equally certain that a co-operative spirit has rarely been developed under contract operations. It is difficult to convince people that they have anything to gain by making the work easier for private enterprises." (Emphasis ours).

PRIVATE CONTRACTOR CANNOT GUARANTEE SERVICE

A private contractor cannot make a guarantee of continuous service. His employees may decide to form a union, to request rates of pay and conditions beyond which his contract with the Borough will allow him to make a profit. This could result in a strike with a serious interruption in a very vital service. This very thing happened in the City of OTTAWA in the summer of 1971, where one of the most violent strikes in the history of any Canadian municipality took place.

CONTRACTING OUT DEPRESSES WAGE RATES AND WORKING CONDITIONS

The garbage contractor will try to make a profit by cutting down on his wage rates. Our fears on this matter are borne out by evidence revealed by the American Public Works Association. It states:

> "The contract method of operating has been severely criticized on numerous occasions for the extremely low wages paid to workers as well as for long hours and unsatisfactory working conditions. In some cases, contractors have taken advantage of unemployment periods to reduce compensation below subsistence levels."

More welfare applicants is the probable result.

We concede that the present tender-calls for the contractor to pay wages "not less than the rates for corresponding work in the Borough of York". It has been explained to us that this means "wages equal to those paid to Borough of York employees." We are accepting this explanation as meaning overtime rates also. We do realize though that there is no commitment to pay the same fringe benefits, as we mentioned earlier in this brief.

MUNICIPAL OPERATED SYSTEM BUILDS CONFIDENCE IN CIVIC GOVERNMENT

The activities of the sanitation department are more continuously in the public eye and relate more closely to the daily lives of citizens than those of any other civic service. There is no better opportunity to promote good relations between the public and the municipal administration than by providing courteous, sanitary and efficient removal service. The whole character and assessment of civic government by the citizens may be weighed by the refuse collection system. The confidence in the Council and the whole civic administration could be shattered by the Borough adopting an inadequate sanitation system.

On the contrary, the American Public Works Association found that where municipalities contracted out the collection of refuse, relations between the City and its citizens deteriorated. The A.P.W.A. reports that:

> "Contractors are generally reluctant to answer complaints promptly or to correct conditions beyond the requirements of the letter of the specifications. This leads to strained relations between the public and the city government."

CONTRACTING OUT TREND

It has been said to us, and is suggested in your letter of October 15th., 1972, that the trend is toward contracting out. Our information is from surveys conducted by the American Public Works Association, reveals that there is a trend away from contracting refuse collection as a municipal operation. The A.P.W.A. found that where sanitation standards are low, cities have been content with contract operators. However, as citizens demand higher standards of sanitation and service, it has been necessary for municipalities to take over the refuse problem.

Your letter mentions the City of Windsor where one of the tendering contractors (Munisan Limited) collects some of the garbage. This is so. One small section, part of Sandwich West has been contracted out since prior to amalgamation, but what has not been said is that the City of Windsor municipal garbage collection is being performed cheaper than the cost of the contractor and obviously when the contract comes open in another two years it will come under the City operation.

Also in Forest Hill, which you have mentioned, the contractor's employees are hard-pressed to provide the same efficient operation and service as the city staff does in Rosedale, a fairly comparable area. The contractor is working six days per week compared to the city's five.

In fact, although there has been a general picture painted that all is well in "Forest Hill" the following clipping from the Toronto Daily Star (Saturday, November 25th. edition) shows differently:

'Forest Hill suffers from private enterprise'

To the editor of The Star:

Those of us who believe in private enterprise and who live in that part of the city that used to be Forest Hill Village have been sadly disillusioned in recent weeks.

The streets of Forest Hill Village are a disgrace. This is the only part of the City of Toronto which contracts its street cleaning to private enterprise. Little or no attempt has been made to clean up the leaves which, since the recent snowfall, form sodden masses blocking driveways and creating dangerous situations as cars skid on them. Daily calls to our aldermen have produced only a variety of excuses.

Maybe the City Department of Streets should take over?

H. ARNOLD SHERMAN
Toronto

When the contract for the garbage collection in "Forest Hill" expired last year, it was not renewed except on a month-by-month basis. It was not renewed because City of Toronto was conducting a survey concerning many facets of the overall operation including a possible early retirement proposition. We are optimistic that the garbage contract will not be renewed and will be taken over by the City forces. Another intersting point we would like to comment on concerning "Forest Hill" is the price of the contract compared to Munisan's tender in the Borough of York.

In "Forest Hill" there are 1275 pick-ups compared to 9883 in the selected areas in York. This means the "Forest Hill" operation is only one-eighth (1/8th) of the size of the contemplated York operation. As we said earlier, something stinks! because the price for the smaller operation is virtually twice the price that has been quoted in York, $117,470.00 compared to $190,362.20. And the surprising fact is that the Forest Hill contractor is a subsidiary of Munisan who has the low bid in York.

Surely it is obvious what is happening and surely the Borough would not be foolish enough to fall for such blatent scheme.

The contractor obviously cannot operate at that figure and will have to increase his prices, after the Corporation is committed.

We would like to point out some advantages and disadvantages as follows:

ADVANTAGES OF MUNICIPAL OPERATION

1. Profits do not have to be earned. Therefore, the collection work can be less expensive by the amount of the profit, or additional service can be given.

2. Municipalities, particularly those of large size, can usually purchase collection trucks, gasoline, oil, tires and other operating supplies at a price advantage not available to contractors or private collectors.

3. Since municipal operations do not involve profit, they are not subject to provincial or federal taxes, hence these costs are not passed on to the citizens.

4. Requests and complaints by citizens are usually given more prompt and more courteous attention and more uniform interpretation and enforcement of regulations results.

5. Sanitation and the protection of public health are the primary aims.

6. There is greater probability of obtaining qualified employees under modern municipal systems. Better selection and training of workers are possible.

ADVANTAGES OF MUNICIPAL OPERATION (cont'd)

7. Though higher wages and fringe benefits may be paid, actual operating costs for similar kinds of service are less than those of contractors or private collectors if the municipal operations are ably and properly administered.

8. Management and policies are continuous over a long period, making it possible to profit from experience and training. Long-range plans can be developed.

9. Greater Flexibility in operations can be secured by transferring employees and equipment to and from municipal refuse agencies. Likewise, the facilities of these agencies can be used effectively on emergency activities such as snow removal and clearing after storms.

10. Continuous records can be maintained over a long period of time and these are invaluable in the efficient management of the collection activities.

11. Citizens co-operate more readily and more effectively under municipal operation than under privately controlled enterprises.

12. Operations are more flexible than under the contract method. Adjustments and corrections can be made when necessary.

13. All details of control and administration remain with the responsible agency.

14. Detailed work studies may be made as required and systematic records set up as a guide to changes in policies or methods.

15. Advantage can be taken of the integration of services and facilities with other municipal departments.

16. If the administration is progressive, changes may be introduced at any time to take advantage of technological improvements of methods, equipment, accounting, etc.

DISADVANTAGES OF CONTRACT COLLECTION

1. Changing from the municipal to the contract method of collection usually involves a commitment for a fairly long period and during that time the means of accurately determining municipal costs for comparison purposes may be lost.

2. Once established, there is a tendency to perpetuate the contract method even though it may not be the best solution.

DISADVANTAGES OF CONTRACT COLLECTION (cont'd)

3. The granting of contracts in reward for political support, rather than on the basis of competency and costs, may defeat at once any advantage that may accure through the contract plan.

4. There is a tendency to sacrifice sanitation and public health considerations to profits.

5. Contractors are generally reluctant to answer complaints promptly or to correct conditions, beyond the stipulated requirements of the specifications and contract. This leads to strained relations between the contractor, the public, and the municipal administration.

6. Contract operations must be continuously inspected by competent city officials and employees, adding substantially to the total cost of the collection work.

7. The limited duration of some contracts makes it necessary to absorb amortization costs in a period shorter than the normal economically useful life of equipment; thereby increasing the cost of the service. This may be more of a problem in contracts involving disposal as well as collection or the provision of buildings and similar facilities by the contractor.

8. The difficulty in anticipating changes in labour rates makes it necessary for contractors to increase their bids, particularly if unions are involved.

9. It is very difficult to develop comprehensive and fair specifications which will adequately control unforeseen occurrences.

10. Contractors who get into financial difficulties or who are faced with termination of contracts, will cut corners wherever an opportunity develops, with the result that the standard of service is liable to be reduced and the cost of control increased.

11. Specifications and contracts usually presume a definite disposal method for the entire period. Should necessity dictate a change, negotiations with the contractor may prove costly to the municipality.

12. Except in rare circumstances, the number of reliable contractors available to bid competitively is very limited and if re-negotiation of a contract should be the solution, it may prove costly.

13. Any savings resulting from technological improvements mean increased profit to the contractor and are not passed on to the public.

MANAGEMENT

Private management in itself is no guarantee of lower costs in garbage collection.

Good management, public or private, is.

We, as civic employees, know and believe that with good management on our side that no private company can compete with us in either cost, service or efficiency.

If we are to continue to provide first class service to the public, then our management must be as convinced as we are that we are not inferior to private contractors.

We submit that our Mayor and Council were elected to run our municipal services with enterprise, efficiency and honesty.

Municipal responsibilities must continue to be vested in elected representatives and must not be farmed out to non-elected, profit seeking interests.

TRUST IN MANAGEMENT IS LINKED TO PRODUCTIVITY

We fully believe that a spirit of trust, respect and co-operation must be developed before we can realize a healthy attitude and an efficient operation. Anyone with common sense knows that an efficient operation that is built on threats or sweat-shop attitudes are short lived and false. We are not challenging that the Borough has a sweat-shop operation. What we are saying is that much more confidence in management can be developed than is presently the case and more efficiency can be attained through more communication and co-operation. The Borough employees want to feel they are an important part of the operation rather than just a worker. Closer communication will undoubtedly create a more economical or efficient operation.

For example, we would like to relate the story of the City of Windsor.

In 1971, municipal employees including garbagemen, struck Windsor and one of the key issues was contracting out. The City appeared to favour its spread while the union wanted it curtailed, claiming the municipal employees could do the work better and cheaper if given the opportunity.

To its credit, the City agreed that before allowing any job to be contracted out the City's public works departments, in consultation with the employees, would submit their own tenders on how much it would cost them to do the same job.

That decision meant instant savings for the City. Right away, the City saved $10,000 on a reconstruction job. That was the difference between the public works bid and that of a private contractor.

In late 1971, John Wilkin, Windsor's director of operations stated in a letter to the Works Commission that road construction done by city employees cost $16,343 less that if had been carried out by the private contractor -- a saving of 31 per cent.

"Based on these results, it appears the $200,000 volume of work we normally carry out in this account would cost some $300,000 by contract," Mr. Wilkin told the Works Commission.

In a separate letter to CUPE, Mr. Wilkin said the city was encouraged by the results of a new-found co-operative spirit, particularly in road construction, refuse collection and sewer cleaning.

"The men now realize they are an important part of the operation and have responded accordingly."

"Economics are the principal considerations in evaluating work performance whether by contract or by our own forces. There are, however, advantages in timing, planning and quality control when carrying out work with our own forces."

In February 1972, three private garbage collection firms appeared before Windsor City Council to question an increase in the City's containerized refuse collection system.

After the meeting John Steel, Windsor City Manager said the City knew more about garbage collection than they ever did.

"They are novices at it. We have been at it ever since there ever was a city," Mr. Steel said.

A month later, in a letter to the Recording Secretary of Local 82, CUPE, Mr. Steel said in part:

"... In the matter of co-operation and goodwill, I believe we have made substantial gains. Insofar as work performance is concerned, I am advised that in areas where this can be measured, the improvement is considerable and in one or two areas work production has double and tripled... There is no reason why the work force should not continue to increase its responsibilities and compete...."

Ted Powell, president of Local 82, said there now was a better understanding between the employees and the City because of all these developments.

The Windsor story has resulted in substantial savings for the City taxpayers.

We know that exactly the same relationship and co-operation can be attained in York if both the Borough Administrators and the Union approach the situation with a healthy attitude.

It is far more sensible to work towards greater efficiency this way than to simply abdicate responsibilities and contract out an operation.

In support of the above, we would like to quote Mr. O. W. Main, Director of Business, University of Toronto, from his address to the annual meeting of the Life Insurance Institute of Canada.

> "There is a direct ratio between the level of confidence and trust people have in management and their productivity.
>
> The incentives to work are part of the culture in which the work is done.
>
> "Some managers still belong to the 18th century," Main said. "The vast majority still cling to the ideas of the early part of the 20th century."
>
> The idea of using wages as the incentive to production once was effective but is outmoded in the culture of the 1970's.
>
> Quoting from a study by Rensis Likert, Main said, "supervisors with the best record of performance focus their primary attention on the human aspects of their subordinates' problems and on endeavoring to build effective work groups with high performance goals."

It is important to us, as employees, and to the citizens of York, to provide for efficiency and economy in municipal operations.

We do not wish to hide our heads in the sand and hope that the current alleged uneconomical collection of garbage will disappear. We are much more concerned and positive in our attitudes to our municipal service than to do that. Therefore, we request that a labour-management committee be set up, if not on a permanent basis, then at least on an ad hoc basis to discuss the present threat of contracting out with a view to full co-operation between the parties to provide an even more efficient and economical service than at present.

We are confident that we can assist in providing economics by such discussion and subsequent co-operation. We also are confident that in developing better efficiency there will be no need to put the taxpayers of York in the position where they can be held up for ransom by a private contractor in the future, and/or control of the operation can be moved further away from the

Administration, Council and taxpayers.

Lets make the Borough of York an example for the rest of Canada. We are prepared to work at it with a positive attitude.

We hope you are also.

Respectfully submitted on
behalf of your employees
represented by Local 10,
Canadian Union of Public Employees.

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